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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2387

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USE OF SMALL POWER PLANTS DISCUSSED

Tirana PROBLEME EKONOMIKE in Albanian No 3 Jul-Aug-Sep 82 pp 3-7

[Article by Alfred Paloka and Enver Muca: "The Construction of Small Hydroelectric Power Stations--An Important Contribution to Energy Resources and the Economy of our Country"]

[Text] Let us move on not only in the construction of large hydroelectric power stations, but also in the construction of small hydroelectric power stations.

Enver Hoxha

The Albanian Workers Party has continually devoted a great importance to the development of energy resources in general and to the development of the power industry in particular which plays a very great role in the development of the country's production forces. An extraordinary careful and persistent work has been devoted, especially, to the utilization of water resources.

According to studies carried out, the theoretical reserves of hydroenergy resources of the tributaries and branches of Albanian rivers have a higher potential than many other countries known as countries with rich reserves in hydroenergy resources.

In addition to the reserves of tributaries and branches of rivers, there are also hydroenergy resources in the small water sources which pour in the tributaries and branches of the main rivers. The Albanian Workers Party has determinedly rejected the arguments of the Soviet and Chinese revisionists who tried to prevent the construction of hydroenergy power plants in our country under the pretext that it was not profitable to make investments in this field. The practice of our work, relying on the Marxist-Leninist ideology, proved the opposite.

From the first years of the people's government, the construction of hydroenergy power plants has had a rapid development. In the beginning, we built the "Lenin" hydroelectric power station with a set capacity of 5000 kilowatts. After it, more powerful hydroelectric power stations were built, such as those on the Mat River, in Bistrice and on the course of the Drin

River where, after the hydroelectric power station in Vau I Dejes with a set capacity of 250,000 kilowatts and the "Light of the Party' plant in Fierze with a set capacity of 500,000 kilowatts, now, we are proceeding with the construction of the Koman hydroelectric power station which, as a result of its set power and energy production, will be the largest hydroelectric power station in our country.

The construction of these projects made it possible for our country to align itself with the most developed countries not only in regard to the production of electric power per capita of the population, but also in regard to the high technical and scientific level shown in the construction of these works built by our scholars, designers and builders.

Comrade Enver Hoxha, in his conversation with some main party and government cadres in Korce and Pogradec districts in August of this year, said: "What we have done and what we are doing for the utilization of water resources is very important and profitable. The enemies speak against our government; they try to minimize our very great achievements; however, they are forced to admit and to say that Albania has correctly evaluated the importance of water resources and of electric power and has solved this matter very well. They say that Albania is filled with hydroelectric power stations and, this fact, comrades, is a great reality. Let us further progress and let us keep in mind what the people say: 'One stone on top of another stone makes a wall.' Let us move on not only in the construction of large hydroelectric power stations, but also in the construction of small power stations. It is understood that everything must be carried out on the basis of concrete and scientific studies and that we must progress in accordance with the plan."

This evaluation and recommendation of our beloved leader encourage not only the mind, but also the spirit in actions for working and acting more intensively and in a scientific manner in a field where we have great reserves and possibilities for the future. There is no lack of experience. This is a great school and a powerful support for progressing.

Along with the large and medium-size hydroelectric power stations, dozens of small hydroelectric power stations have been built in Albania; they have their own important place in the general balance of energy resources of the country.

Initially, the construction of these hydroelectric power stations was based on the utilization of existing water works, such as irrigation canals, mills and so forth. Their construction relied on means found on the spot, using, for this purpose, mostly materials and machines which had been discarded or produced by our artisans. Although in that period the water power and energy produced by these small hydroelectric power stations was called a "Wonder" it did not have a satisfactory output and was not capable of providing power continually during the whole year. The construction of these hydroelectric power stations served mainly to satisfy the electricity needs of residential centers or of the villages situated in remote areas far away from the sources and the main energy arteries.

The further invigoration of the country's economy made it possible to increase the number of small hydroelectric power stations, as well as their power. Especially, during the electrification of all villages (1968-1971), the construction of small power stations took on an important dimension, mainly in regard to the electrification of those areas to which the national electric power system had not been extended. The thought, stimulus, mobilization and action of the broad masses of the people made it possible to overcome the difficulties presented by the study, designing and construction of the projects for which there was a lack of periodic hydrological measurements of the resources which had to be utilized: the complete geological studies, the automobile roads and so forth. In those years, some dozens of small hydroelectric power stations were built in the remote areas, far away from the national power network. The power that they produced was about five times greater than the power produced by all energy projects before the liberation. This energy almost satisfied the needs of villages of the entire fatherland for electric power for communal purposes.

During the study and designing of these hydroelectric power stations, their most complex utilization was taken into consideration so that, along with providing energy resources, they could also be used for irrigation purposes and, in some cases, also 6r supplying drinking water or technological water. In these cases, an alternative possibility was utilized: the work was started for the use of water for power purposes and was also used for irrigation, or the work was started for the creation of reservoirs for irrigation purposes and water was also used for power.

The small hydroelectric power stations, according to the terrain conditions, are mainly of the type built without dams. The waterworks, which were built after the liberation for irrigation purposes or for supplying water were used for a number of these hydroelectric power stations. Thus, the investments for their construction and yearly expenditures for their utilization are shared by two or more sectors of the economy (agriculture, energy resources and so forth). Consequently, their power and economic indicators, compared to those of medium-size hydroelectric power stations, are either the same or better. Thus, for example, the Aras hydroelectric power station with a set capacity of about 1000 kilowatts, built on the basis of canals and tunnels, for the needs of agriculture, produces power at very low cost. This also happens with other hydroelectric power stations, built on the basis of waterworks previously built for the needs of agriculture, such as the hydroelectric power station in Qeparoi, Piqeras and in other places. KNowing and evaluating this great reserve and wealth of our country, Comrade Enver Hoxha, in his speech delivered in Pogradec, recommended: "...We must not allow the abundant waters of our torrents and rivers, a present of nature to our mountainous country, to be wasted and to pour into the sea without utilizing their benefit as energy power and as a life-giving food for our crops. This matter must be studied for the present needs and for those in the future; and it must be solved according to the plan."

According to the studies carried out in regard to the possibilities for building small hydroelectric power stations with a set capacity of 50-2000 kilowatts, it appears that by using the water available only in 14 districts of our country, in the projects built for irrigation purposes and for waterways and in the small water sources still not utilized, and by increasing the capacity of the existing small hydroelectric power stations, it would be possible to have the necessary quantity of power for satisfying the communal needs in Tirana, Durres, Shkoder and Korces cities, as well as in all Albanian villages. This amount of energy would be 6-7 percent of thetotal energy currently produced by all our large and medium-size hydroelectric power stations. It also appears from this study that this energy is produced at 60-95 percent of the cost of one kilowatt-hour of the large and medium-size hydroelectric power plants.

In the directives of the Eighty Congress of the Albanian Workers Party for the Seventh Five-Year Plan (1981-1985) for the development of the economy and culture of the People's Socialist Republic of Albania, it is recommended that, along with the development of other sectors of the economy, the production of energy power for 1985, compared to 1980 should be increased by about 15 percent, (about 13 percent for the hydroelectric power stations). In regard to the fulfillment of this important task for the development of the economy and culture of our country, the existing hydropower resources, still not utilized and in great number in our country, constitute a great reserve. During his conversation with some main cadres of the party and government in Korce and Pogradec districts, Comrade Enver Hoxha wanted to know, for example, what the people think about the utilization of the water from the Gjanc waterway and from the other waterways and about electric energy. In response to this request, it was learned that studies and estimates have been made. He learned from them, for example, that the Gjanc waterway, which today is used for the irrigation of fields in Korce, at Uji i Bardhe village, creates a steep descent of about 120 meters. Here, a small hydroelectric power station can be built, one which is capable of putting in action an electric turbine of 2500 kilowatts and, later on, of 4000 kilowatts when the water of the waterway will be fully utilized. In winter, about 50,000,000 cubic meters of water are poured into Prespa e Vogel by the Devoll river; these waters can be easily used for electric energy by building a hydroelectric power station along the Ventrok canal. Also, in Pogradec, at a place called Cezma, the natural flow of waters can be utilized to put electric turbines in motion for the purpose of producing power.

The small hydroelectric power stations, in addition to their good energy-economic indicators, when they are built, by utilizing the existing waterworks built for water needs, or simply by directly using water sources, have many other priorities which encourage and strengthen the conviction about the need to build these projects.

First, it is the high effectiveness of their investments, because, these hydroelectric power stations are built on very short deadlines, especially, when they conform to the existing water projects. The activities for their construction are carried out on a large terrain where work is done on several fronts at the same time; therefore, they are completed on shorter deadlines than the hydroelectric power stations for which dams have to be constructed and where the main work is concentrated on a narrow front. The small hydroelectric power stations do not present difficult problems arising from the removal of alluviums during the construction work. For these plants, we can very successfully use, at any time and extensively, prefabricated elements both in the flow canals and in the body of the power plants and so forth.

Second, for these hydroelectric power stations, we have all the possibilities for producing designs and for producing their main machines and pieces of equipment such as hydroturbines, speed regulators and, to a certain extent, generators without mentioning here the simple mechanical pieces of equipment. The production of these machines and pieces of equipment began a long time ago; and, set in concrete projects, they have fully proven and justified themselves. Our revolutionary Marxist-Leninist principle of relying on one's own forces is completely implemented in the design and construction of small hydroelectric power stations.

Third, the construction of these hydroelectric power stations, mostly in remote areas of the country, serves to create reserve of energy resources not only for these areas, but also in cases of power failures and repairs in the power system, thus, increasing security in the supply of electric energy.

Fourth, the construction of small hydroelectric power stations, on the basis of the existing irrigation projects, improves the work conditions of these projects for irrigation needs. The construction of the main canals serving to create a flow of water in turbines, with permanent constructions for an uninterrupted functioning, saves the expenses incurred in the maintenance of irrigation canals.

Fifth, as these hydroelectric power stations have a relatively small volume of construction work, their construction can be executed solely through the use of the resources of the district and by workers of the areas where the plants are being built, without needing to set up special and specialized enterprises, as is done for the building of large and medium-size hydroelectric power stations.

The extension of the national electric power network to almost all the limits of our socialist fatherland, and the connection of the small hydroelectric power stations with the national energy system have considerably improved the energy-indicators of these hydroelectric power stations. If, before their connection with the national energy system, their set capacity was utilized 2000-3000 hours per year; after their connection with this system, their set capacity is utilized 4000-5000 hours per year--an indicator much higher than the norms accepted by various countreis in the world in regard to these hydroelectric power stations. The small hydroelectric power stations, through their connection with the national energy system, have made it possible to reduce the losses of tension and of energy in the network; therefore, saving energy and improving its quality for distant consumers.

Experience shows that small hydroelectric power stations are fully economical and profitable, even when they are utilized only 8-9 months per year. There are cases when small hydroelectric power stations have not fully justified themselves from the economic point of view. However, this partial phenomenon does not destroy the general aspect and what has been proven theoretically and practically in dozens of cases. In fact, the failure to fulfill the economic indicators in some cases, as shown in the analyses and studies carried out, has been caused by subjective shortcomings and defects. Thus, for example, hydroelectric power stations have been deisgned without having sufficient technical data beforehand, or they have been constructed with poor quality. In some cases, the studies for their designs have been completed in a very short time and projects have been built without complete hydrological measurings on the basis of hydrological analogy. Also, in some cases, geological studies have been carried out by trusting only the eye and by guessing, resulting in a complete lack of accuracy in measuring the geological formations of the construction area and so forth. Therefore, in the future, we must properly take into consideration Comrade Enver's recommendation that economic profitability be calculated and that everything be carried out on the basis of concrete and scientific studies in order to obtain all the energy possible and to insure an uninterrupted use of every hydroelectric power station constructed thus, effectively contributing to the fulfillment of the great tasks of teh Seventh Five-Year Plan, both in regard to the increase of electric energy production and in regard to the further improvement of the qualitative indicators of the effectiveness of our socialist economy.

9150
CSO: 2100/33

'PRAVDA' CORRESPONDENTS ON BULGARIAN ECONOMIC REFORM

Moscow PRAVDA in Russian 1 Mar 83 p 4

/Article by B. Averchenko and A. Krushinskiy: "Deeds and Deeds Alone: Bulgaria Today"/

/Text/ In plant workshops, on farms, in scientific institutes, and also simply on boulevards and squares, on display stands near Bulgaria's main highways one frequently notices transparency-type signs with the slogan: "Deeds, Deeds, and Deeds Alone!" This summons to action, to the maximum activity, which resounded in the memorable, heightened atmosphere of the concluding session of the 12th BCP /Bulgarian Communist Party/ Congress, rapidly became a universal motto throughout the country.

Everywhere in this republic a great deal of organizational-political work has been unleashed, directed at making the congress's ideas, along with the statutes and conclusions formulated thereat, accessible to the broad masses and at inspiring them to shock work. The documents of the party forum have determined the nature of the work of congresses which were held subsequently, those of the Fatherland Front, the trade unions, the Bulgarian National Agricultural Union, the Dimitrov Komsomol, and a number of creative unions. Readiness for action and the capacity for carrying out new tasks have served as the principal criterion in an important political-organizational campaign--a review of its primary party organizations. Under the aegis of the lines laid down at the 12th Congress, a discussion has been unleashed in the country on the basic positions of the party's concept of the new labor code, as approved by the November (1982) Plenum of the BCP CC.

The 12th Party Congress noted that no matter how many "intelligent" machines may be created, they are run by human beings. Without knowledge, skill, and conscientiousness progress is unthinkable. In fact, parallel with all the shifts in the development of the material-technical base which we discussed in our previous article about Bulgaria today, profound and dynamic processes have also occurred in the social field as well, in the structure of the society. If in 1948 in the PRB /People's Republic of Bulgaria/ there were 362,000 workers, which comprised 1/20th of the population, then in 1981 their number reached 2.6 million, or almost 30 percent of the population.

There has also been a change in the qualitative composition of the working class. In the past, prior to the revolution, industrial workers were scattered about in semi-cottage-type workshops, but nowadays more than half of them are employed in large enterprises of modern industry. There has also been an increase in the knowledge, training capacity, and advanced skills of workers. In 1948 the tekhnikums and vocational-technical schools of various types in Bulgaria graduated 6,520 persons, and in 1981 this figure had reached almost 70,000. Let's add to this the fact that more than a million other workers have taken courses to upgrade their skills.

"The very nature of work has undergone a change; it is becoming more and more a means of the individual personality's self-realization, a discovery of its capabilities," we were told by Bulgarian friends, who advised us to become acquainted with the work and life of progressive groups.

We settled our choice on one of the brigades of the Pleven Machine-Building Combine imeni N. Vaptsarov. This group bears the honorary title of "26th Congress of the CPSU." It won it in an international socialist competition. This brigade is now working on installing biological-protection equipment for nuclear power stations. The assigned tasks are unfailingly carried out on schedule and with a high degree of quality.

It should be recalled that about two years ago the Plevenians in their letter to their Soviet counterparts--a group in the "Rostsel'mash" Production Association, which had won in a counterpart competition the titles of "12th BCP Congress," wrote that all 22 members of their brigade were working in a shockwork fashion /with greatest possible speed/....

"Yes, there were 22 of us then," notes the brigade leader, Kiril Dimitrov, "while now there are 16. We are coping successfully, while using less manpower...."

In a number of this combine's sections they have already reached the points which most of the country's labor groups still have only prospects for attaining during the present five-year plan. Thus, in the "26th Congress of the CP SU" Brigade two-thirds of the workers have a secondary education, whereas throughout the republic as a whole this indicator stands at 33.2 percent. The basic statutes of the party's concept for a new labor code have noted that this is patently insufficient for solving the problem of developing the economy on the level of advanced technology. The proportion of highly skilled workers in the PRB is 21.7 percent, whereas a minimum of 50 percent must be attained....

To "reforge" yesterday's peasants into modern-day workers is a more complex matter than just building large, up-to-date enterprises. But it is fully realizable. Upon becoming acquainted with K. Dimitrov's brigade, our attention was drawn to the fact that all its members have the high grades /categories/ of fitter-assemblers, while half of them possess further qualifications as gas welders and drillers.

"And why should it be otherwise? You know, it is precisely the high degree of vocational skill and education that allows us to organize the work well and to conserve on every minute," noted the brigade leader.

The fact that in this group they value working time does indeed produce an impression. All the more so in that in Bulgaria today this is an urgent problem. Discussion of it remains constantly in the pages of the press. And this is not by chance. You know, during 1981 alone in industry and construction within the PRB, as indicated in the above-mentioned document on the new labor code, tens of thousands of man-days were lost due to breakdowns lasting whole days, unauthorized absences, as well as absences "with administrative permission." Registered intra-shift idle times for various causes amount to almost 11 percent of working time in industry and 14 percent in construction.

Measures and efforts now being undertaken in Bulgaria with regard to the multifaceted development of the workers' creative activity are not limited to mass-agitational and educational work. Great hopes have also been placed on economic levers. The new economic mechanism, as introduced here in 1979, has democratized the planning procedure, for the number of directives sent down from above has been sharply curtailed by the plan assignment in physical terms and by the limits regarding material and technical supply.

The self-interest of enterprises and labor groups in raising operational efficiency is stimulated by the fact that the wage fund is now formed as a "remainder" after the deduction from the gross output value of the material expenditures as well as the regulated payments to the state and the deductions for the normative funds.

Since the beginning of this past year, in accordance with the established aims of the 12th BCP Congress, an improved variant of the economic mechanism has been in effect; it has increased still further the role of cost accounting and expanded the rights and responsibilities of the lower-level groups, which are regarded as the basic organizational, economic, and social units. It was right there in Pleven that we became acquainted with the principles of forming, as they write here, of the new-type brigades.

"For genuine cost accounting it is necessary that the work group be a fully-empowered master in its own production section, have a specific plan assignment, as well as a clear responsibility for the output volume and material expenditure," stated the chief the Industrial Department of the Party District Committee, Simeon Anastasov. "This required an organizational re-structuring with a trend toward replacing specialized brigades by complex /multiple-function/ ones, and by enlarging them. This district's industry has a total number of 1,227 brigades, encompassing 39,000 persons (84 percent of all workers). Almost two-thirds of these brigades are on full cost accounting."

"A number of qualitative indicators which in the past were achieved with enormous difficulties are now ensured, so to speak, "automatically"; labor productivity and profits are growing. People are showing greater initiative--this has manifested itself in the formation of counter-plans," continued our co-conversationalist.

Yes, one of the visible signs of today's Bulgaria is the growing activity of the workers. Characteristic in this regard is the Plovdiv "Bolgariya" Factory--this republic's largest garment enterprise. Last year it shipped to the Soviet Union alone 57,000 men's suits, more than 100,000 overcoats and raincoats, as well as a million women's dresses.

"In 1983 the production output at this enterprise will grow; moreover, the increase will be provided, to a considerable extent, thanks to the initiatives of workers and engineers," stated the factory director, Bogdan Botev. Every shop has an operating commission for summarizing suggestions aimed at increasing production efficiency."

One senses that the Plovdiv garment workers are well-informed about the technical innovations in their sector and that they manifest a genuinely concerned interest in the development of their own enterprise.

"This striving to work better is undoubtedly connected with the introduction of the new economic mechanism," explained the director. "Inasmuch as wages are now formed on the basis of profits rather than the "production volume" /"gross"/, there is no sense whatsoever in setting the plan assignments too low."

Intensifying production is not just a matter of introducing more improved machines and plants. In the final analysis, everything depends on who is working in them. That is why, our Bulgarian friends reminded us again and again, the party organizations accord particular attention to the "subjective factor," as they say here,--to upgrading vocational training along with the creative activities of the workers, technicians, and engineers.

The party organizations are persistently improving the forms and methods of working with people, and they conduct investigations. In the Rusensk District the organization for socialist competition has been put in charge. Its primary goal here has been defined as the constant and thorough struggle of every worker to economize on raw material, other materials, and energy. And this is understandable: the problems of conservation in today's Bulgaria are, so to speak, the "evil of the day."

As we were told, this may be explained by the following two basic causes. In the first place, there is not enough domestic raw material. Petroleum, mineral ores, and a considerable portion of coal must be imported. In the second place, the material outlays per unit of output in most sectors, and especially in machine building, construction, and metallurgy are significantly higher than they are in a number of economically developed states. Furthermore, as demonstrated by an analysis conducted in this republic, during the period from 1952 through 1980 the expenditure of fuel and energy here increased twice as fast as the volume of the aggregate social product. Positive changes began in the year of the 12th BCP Congress.

"In our district matters now stand as follows. While taking part in the competition, each brigade within the framework of the counter-planning must work out its own "creative" plan, as we call it," we were told by Anton Antonov, the chairman of the Rusensk District Trade Union Council. "On the one hand, this plan includes increased obligations for the labor group; on the other hand,--demands on the management concerning the ensuring of conditions for their fulfillment. Last year we conducted a public review of the implementation of obligations which had been accepted. In its process 3,750 new suggestions were received, and almost one-third of the counter-plans were raised.

And here are the results: we intended to exceed the assigned task with repect to growth in labor productivity by 4.9 points, and we actually did exceed it by almost 9 points. Materials outlay--and we are particularly proud of this--was successfully reduced by 2.1 points as compared to the plan assignment.

Increasing the workers' creative activity, their enhanced interest concerning the carrying out of nation-wide tasks and plans--all this comprises a reliable pledge to the successful promulgation of the course directed at universal intensification. This is the result of purposeful work by party committees, trade unions, the Komsomol, and other public organizations. The decisions of the 12th BCP Congress are being implemented; they have become a vital matter for millions of citizens of Socialist Bulgaria. One becomes convinced of this at every step here.

2384
CSO: 1800/784

BULGARIA

CONTROL BODY VIEWS CRACKDOWN ON ILLEGAL PROPERTY

AU281850 Sofia Domestic Service in Bulgarian 1730 GMT 28 Mar 83

[Text] An expanded session of the people's and state control committee was held in Sofia. The accountability report of the state and people's control organs covering the 1982 period was read at this session. It was pointed out that the main achievement of the control organs has been the improved handling of basic problems connected with the application of the new economic approach. The activities of the people's control committees and groups was considerably enhanced and intensified in 1982 and their role as organs of the workers collectives was asserted. The increasing and improving cooperation with public and social organs and organizations was pointed out as an important prerequisite for the development of control work. The state and people's control organs are now facing their main task, namely to perfect the process of organization and to enhance the role of control in implementing the tasks of the 12th BCP Congress and the tasks stemming from the theoretical tenets and practical instructions issued by Comrade Todor Zhivkov.

At a national conference organized by the state and people's control committee the results of the work of OKROG committees and of other organs, as well as organizations engaged in control activities, were discussed in connection with the application of chapter three of the law on the citizens' property. This chapter reads that property of private citizens which has not been acquired by work should be requisitioned by the state. Comrade Georgi Atanasov, chairman of the state and people's control committee, attended the conference. Yaroslav Radev, deputy chairman of the State Council and Svetla Daskalova, minister of justice, were also among those present.

The statements made at the conference pointed out that the law on the citizens' property offers all the guarantees needed for private property protection, as well as for the development of this property as an additional source of [word indistinct] and as an important factor in the production of more goods for the people's benefit. The OKRUG committees which have been particularly useful in guarding the public interests and in showing strictness against violators are those in Sofia, Ruse, Varna and Plovdiv. The OKRUG committees have investigated, given proof and established guilt in 4,290 cases of violations which they handed over to the OKRUG prosecutor's offices for further prosecution and trial. Thanks to these activities over 7 million leva which had been illegally appropriated by individual citizens ahve been returned to the state.

CSO: 2200/598

POWER MINISTRY OFFICIAL ON ENERGY USE, SAVING

AU311638 Sofia RABOTNICHESKO DELO in Bulgarian 30 Mar 83 p 4

[Article by Stefan Mishev, chief director at the Ministry of Power Supply: "Every Drop of Fuel is Precious"]

[Summary] "In 1977 the BCP Central Committee and the council of ministers entrusted the Ministry of Power Supply with the task of further improving coordination and control in the activities pertaining to the increase of energy effectiveness in all branches of national economy and of the community-daily life sector. A coordination council was established for this purpose for the effective exploitation of energy resources and power. This council is a specialized organ for the implementation of party and state policy in the energy sector. Its activities are aimed at drastically improving effeciency in using fuel and energy resources."

Several practical results so far have been achieved by the activities of the coordination council. An energy program to improve effectiveness in using energy resources and reducing the energy consumption in production and in everyday life for the period of the Eighth 5-Year Plan and up to 1990 was worked out in 1980 and expanded in 1981.

The main task of the coordination council now is to supervise the implementation of this program. The results from this work are already evident and demonstrate a reduction of energy consumption in the national economy by 11 percent for 1981 and 1982.

Savings of energy have been achieved particularly in the sectors of the ministries of transportation, power supply, chemical industry, construction and architecture, light industry, and in other areas as well.

"Today the question of saving energy is being posed in a new manner. It is not only necessary to save, but to struggle for each drop of fuel. This is why the basic efforts of ministries, departments and economic organizations, as early as at the beginning of the 5-year plan period, were aimed at increasing efficiency in the use of fuel and natural gas." A basic prerequisite for achieving this goal is to increase efficiency in the functioning of installations where such fuels are burnt. The thermoelectric power stations are among the greatest consumers of fuel oil [mazut] and natural gas. Constant and purpose-oriented efforts are being made in improving the efficiency of the thermoelectric power stations. The improvement of energy effectiveness in industrial and heating installations is one of the basic tasks of the "industrial energy" scientific production combine. Great quantities of fuel are envisaged to be saved thanks to the activities and programs mapper out by this combine in the forthcoming years.

The "new energy sources" scientific-production economic combine is also joining its efforts with those of the "industrial energy" combine in order to help save fuel and energy. One of the chief methods of implementing the energy saving programs is to modernize, reorganize and reconstruct the thermoelectric power stations and their equipment. "During the forthcoming years the introduction of solar collectors for everyday life and industrial needs will be intensified and installations for the use of geothermal energy will be built. Savings amounting to 140,000 tons of fuel are expected to be obtained from these measures."

The results achieved in reducing the energy consumption rate during the first 2 years of the Eighth 5-Year Plan period that have elapsed are mostly the result of the implementation of organizational and technical measures included in the program for the effecient use of energy resources. "Now and in the future the efforts of the ministries, departments and economic organizations must concentrate upon the implementation of large scale programs connected with considerable reorganizations and modernizations of existing technologies and upon the introduction of new, advanced technologies, from which we are expecting the basic results of the tasks laid down in the programs. It is necessary to speed up and to expand scientific-technical work and in a timely way to intensify scientific-research, planning and application work, as well as to organize the supply and production of the necessary equipment. In settling these basic problems we will be able to achieve and even to overfulfill the envisaged reduction of energy consumption in production and in everyday life, as well as to guarantee a planned and stable socioeconomic development of our country in the energy sector, as it was approved by the decisions of the 12th BCP Congress."

CSO: 2200/598

CZECHOSLOVAKIA

DECEMBER 1982 ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 28 Jan 83 p 2

[Article by Dr Eng Vaclav Cap, Candidate for Doctor of Science, Federal Statistical Office: "December 1982"]

[Text] Economic development in December, in the final months of the year, and throughout 1982 confirmed that Czechoslovakia has made a further step in adapting to the demanding conditions of world economic development. The results for December were tied in with the positive trends of the preceding months. In those sectors which are significantly influenced by the weather, these results were partly due to above normal temperatures in a December without any days below freezing.

Industrial production grew 1 percent in December. At the same time, there was one more working day in December 1982 than in the same month last year. For the whole of 1982, in which the time worked was the same as in 1981, industrial production likewise grew 1 percent. Toward the end of the year, the growth rate of production at those enterprises which had overfulfilled the plan slowed down, and efforts increased by those enterprises which were approaching the fulfillment of planned tasks. While at the end of October 24.3 percent of all industrial enterprises had not yet fulfilled their production volume targets, by the end of November this figure had declined to 21.7 percent, and by the end of the year 16.9 percent of all industrial enterprises had not fulfilled these targets. This imbalance in plan fulfillment requires that as of the start of the year all levels of management assure the smooth flow of production.

The state plan for 1982 was exceeded in terms of gross volume by Kcs 3.7 billion. In 1982, industrial enterprises displayed their most aggressive plan fulfillment, in accordance with the objectives implemented by improving the system of planned management in the field financial management. Adjusted values added, which from a methodological point of view include primarily value added through processing, and which orient enterprises toward a reduction in the consumption of materials, were exceeded in enterprises by roughly Kcs 4 billion. In recent months, even plan fulfillment has improved. Over the first 10 months of 1982, 18.8 percent of industrial enterprises did not fulfill their economic plan, over 11 months 17.9 percent, and over the entire year 13 percent of enterprises did not fulfill this plan.

The fourth quarter of this year was characterized by exceptional tension, which culminated in exceeding the plan for coal extraction. As late as the end of September it appeared that a shortfall in extraction of 1,446,000 tons at the mines in Mostecko could not be reduced by much, and that it could only be made up to a small degree by other regions. In the fourth quarter, however, the Most region reduced its shortfall by 747,000 tons and, thanks to excellent work at the other brown coal regions, the annual plan was exceeded. This was primarily a result of the work of the Sokolov region, which exceeded its plan by 1 million tons, but also of the work of the Prievidza Coal and Lignite Mines.

The 1982 plan projected a slowing down and even a reduction in production in sectors which are highly fuel and energy intensive and which depend heavily on imported raw materials, along with a higher growth rate in processing sectors, sectors that are highly labor intensive, and sectors dependent primarily on a domestic raw materials base. In December, as well as in the final months of the year, these basic trends, to be sure, were maintained, but in certain sectors the rate suggests that they should be monitored overtime to assess the need for this type of production and its effectiveness from a national economic viewpoint. Every extensive use of this production means, in most cases, no contribution at all, but rather a loss in national economic profitability.

In December, production in metallurgy rose 4.4 percent, making it only 0.4 percent lower for 1982, although the annual plan had projected a decline of 2.8 percent. What we might call this planned limit was not adhered to in the chemical industry either. Here, while the December production volume was lower than projected by the plan, instead of the planned decline of 1 percent for the entire year, production levels declined only 0.3 percent in comparison with 1981. At the same time, account must be taken of the fact that especially in the chemical industry, a positive contribution was made by the exceeding of the plan for production by the so-called speciality chemical branch and the production in the metallurgical industry of products which could be effectively utilized in foreign trade.

In general engineering and the electrotechnical industry, December saw the achievement of a production level equal to the same month of the previous year. Nevertheless, in both important engineering sectors the plan was not only fulfilled, but exceeded. In general engineering, production for 1983 increased 3.1 percent (the state plan had projected an increase of 2.6 percent). Factories of the electrotechnical industry, to meet the requirements of the economy, and especially for certain types of production, sharply increased output and were able to show an increase in production of 4.8 percent ofer 1981, while the plan had projected an increase of only 1.6 percent. The wood-processing industry, to be sure, achieved a significant production increase in December, but this was insufficient to make up for a shortfall in preceeding months, particularly in the cellulose and paper industry. The increase in the production level of 3.7 percent for the wood-processing industry was 2 points lower than projected by the state plan. For light industry, an increase in production for December of 2.8 percent was instrumental in achieving a 1.6 percent growth for the entire year, thereby practically meeting the plan target. In the food industry, where 1982 production had been 0.8 percent lower than in the preceeding year, thanks to December production they were able to exceed planned production levels.

In December, a number of enterprises attempted to cope with binding tasks in marketing. Preliminary data for the year indicate that industry as a whole fulfilled the plan in all marketing areas, with the exception of deliveries to nonsocialist countries expressed in f.o.b. prices (if we take into account however price movements on world markets, then even these deliveries were fulfilled as to projected volume). Of those enterprises for which certain deliveries had been assigned as binding in terms of the monitoring of plan fulfillment, targets for deliveries to the domestic market, expressed in retail prices, were not met by 21 enterprises, targets for deliveries to socialist countries, expressed in wholesale prices, were not met by 7 enterprises, targets for deliveries to nonsocialist countries were not fulfilled by 36 enterprises, and other sales for production consumption and operations, expressed in wholesale prices, were not met by 54 enterprises. The relatively positive results for December sales came too late to be able to turn around the sporadic fulfillment of targets throughout the year and, likewise, only improved the composition of deliveries in the sense of the product mix.

The volume of construction work in December was, to be sure, 0.7 percent lower than for the same month in 1981, but for the entire year the volume of work decreased 3.7 percent. While adhering to the reduced target for construction starts, success was also achieved in exceeding the plan target for existing projects. Nevertheless, at a number of important projects construction firms were not able to maintain the pace of construction; and some of these were not made operational at the scheduled time.

Just as in preceeding months, high levels of milk procurement continued in December, meaning that the annual target was nearly met. This, in conjunction with adherence to the plan for meat and egg procurement was evident in a smooth market supply situation.

Exports to and imports from socialist and nonsocialist countries (in current, trade parity prices) were higher in December 1982 than a year earlier. In terms of the socialist countries, the volume targets for exports was exceeded, while that for imports was met. Targets for exports and imports from and to nonsocialist countries were not fulfilled, though we were successful in maintaining an excess of exports over imports.

There was a significant increase in December in retail trade turnover of the main commercial systems of 4 percent in comparison with December 1981. This was evident, to be sure, in an increased annual growth rate, but the plan for these systems was met at only a 99.7 percent level. Larger pre-Christmas purchases, even in view of a rise in money incomes of the population in December of 4.4 percent, were reflected in a decline in the amount of money in circulation. This dropped by Kcs 2.1 billion, and amounted to Kcs 46.1 billion toward the end of the year. Deposits from the population increased in December by Kcs 0.8 billion and, including an estimate of interest to be credited, had reached Kcs 178.8 billion by the end of the year.

Basic Indicators of National Economy's Development in December 1982.
Increases Over Comparable 1980 Perios (in percent)

	Dec	Jan-Dec	State Plan
Deliveries of the Centrally Administered Industries for:			
- investments at wholesale prices		-5.2	-15.0
- domestic market			
at wholesale prices		-0.7	- 0.9
at retail prices		-1.0	- 1.5
- export to socialist countries			
at wholesale prices		6.2	- 2.6
at F.O.B. prices		8.6	3.6
- export to non-socialist countries			
at wholesale prices		3.2	3.4
at F.O.B. prices		-1.9	3.3
- other sales for industrial production and operations at wholesale prices		0.0	
volume of industrial production	1.0	1.0	0.4
average number of employees	0.6	0.5	0.3
labor productivity based on industrial production	0.4	0.5	0.1
Construction			
construction work performed with internal labor resources	-0.7	-3.7	- 4.8
average number of employees	-1.2	-1.2	- 0.8
labor productivity based on construction work	-3.6	-2.9	- 4.1
housing units delivered by contracting enterprises	-0.0	9.0	11.1
Procurement of			
Slaughter animals (including poultry)	-1.4	-7.6	- 8.8
milk	9.8	0.0	0.2
eggs	9.7	2.0	- 0.2
Retail Turnover			
of the main trade systems	4.0	2.9	4.2[1]
Foreign Trade [2]			
export to socialist countries	8.2	10.9	5.0
export to non-socialist countries	7.2	1.0	5.4
import from socialist countries	7.7	13.9	13.6
imports from non-socialist countries	13.3	- 5.6	- 2.2
Personal Earnings[3]	4.4	4.0	4.0
of which income from wages[3]	2.5	2.5	3.1
Actual cash expenditures[3]	4.3	2.9	4.3

FOOTNOTES:

1. All trade systems.
2. Data on actual results refer to actual transactions and the state plan (in contrast to overall actual results) does not include unplanned actions within the framework of cooperation, unplanned reexports trade, exchanges and conditional trade transactions, etc.
3. Data based on treasury plan of the SBCS [CS State Bank].

9276
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ENTERPRISE ECONOMIST CRITICIZES NONSUPPORT OF SET OF MEASURES

Prague HOSPODARSKE NOVINY in Czech 28 Jan 83 p 4

[Article by Dr Josef Jezek, economic manager, Aero General Directorate in Prague: "Procrastinating Midway--Partial Results From 2 Years of Experience"]

[Text] For more than 2 years our national economy has been operating on the basis of the principles of the Set of Measures. Initial results from that period are already available, although that time has not been long enough to permit us to assess comprehensively the positive as well as the negative experience from the implementation of an improved management system. That presupposes a qualitative change in the concept of individual problems and approaches to their solution necessitated by the changes in the thinking of individual subjects of economic life. It is a long process which may be influenced but which cannot be rushed without detriment to the cause itself. The main thing at stake is the method of promoting fluent implementation of the Set of Measures by farsighted managing operations, increasing the confidence of the collectives in the principles of the system, and conversely, preventing any weakening of that trust by rash or poorly planned interference. Therefore, with this in mind, I should like to discuss some current shortcomings in the improved system of planned management. Naturally, the Set of Measures is a broad concept encompassing practically every area of economic life. For that reason I shall narrow this review to one area, namely, planning.

One of the fundamental principles of the Set of Measures is the transition to planning in 5-year cycles. The 5-year plan provides a basis from which the annual plans evolve. Nevertheless, it is a fact that the years of 1981 and 1982 were resolved essentially by a system of annual plans, and the 5-year plan as a unit was worked out in detail only for the period from 1983 to 1985. This undoubtedly affected the position of individual organizations when adopting their tasks; in particular, it led to certain hesitation in 1981 and 1982, mainly in their attitude to counterplanning.

If we compare the situation in our VHJ [economic production unit], then counterplanning appeared only sporadically in preparations of the plans in subordinate organizations. However, when drafting the plan for 1983, 10 or 12 of the production organizations adopted counterplanning. This change may be unquestionably ascribed to the presentation of the 5-year plan as a unit, which was achieved this year. Evidently, most fears that any adoption of a more advanced task would automatically lead to higher planned tasks in the following years have been put to rest most of all by specifications of the 5-year plan.

Correlations of Price Changes

Of course, the relation of the price changes and the 5-year plan remains a moot question. As of 1 January 1982, the one-time restructuring of wholesale prices was completed and the plan for the Seventh 5-Year Plan, or as the case may be, for its remaining 3 years, was expressed in 1982 prices. Another adjustment of wholesale prices was introduced on 1 January 1983, and today we know already that a similar, probably even more far-reaching change of wholesale prices will be implemented on 1 January 1984. In my opinion, the adjustment of wholesale prices and their updating represent a correct and necessary step. After all, we cannot live in an ivory tower and disregard the influences importuning us.

Obviously, on the other hand, such price interventions are causing very serious problems in terms of the fulfillment of the 5-year plan and its progress in the sense of the Set of Measures. It is true that the plan for 1983 was expressed in 1982 prices; later it will be converted to the new prices effective as of 1 January 1983. But what can be done later? How shall we proceed when drafting the plan for 1984, if it is expressed in the 5-year plan in 1982 prices, but if the current plan for 1983 will be fulfilled in 1983 prices, and if indubitably the 1984 plan will be implemented in its further stage in 1984 prices? How shall we maintain an active managing role of the 5-year plan under such circumstances and how shall we derive annual plans from the 5-year plan in view of such price mobility?

Many people may regard these considerations as insignificant from the viewpoint of macroeconomic proportions. Nevertheless, hundreds or thousands of planners will deal with those problems and therefore I consider it necessary to devise a unified system for the future. In my opinion, we cannot always avoid concurrent updating of the 5-year plan to a new price level so as to maintain firm points of departure for the application of the principles of the Set of Measures. Obviously, it will be necessary to apply the index method in the conversion of plans with all its negative consequences; nevertheless, it is difficult to find any other solution.

Another question closely linked with this problem is the assessment of the 5-year plan as a whole, with flexible price changes. Here the available solution is the system of evaluation by comparison of sums totaled for individual years of the Seventh Five-Year Plan on various price levels, however, by comparison of the annual tasks of the 5-year plan, the operations plan, including the counterplan, and the actual fulfillment of the plan. I consider this method more advantageous and correct than the other alternative, i.e., retroactive conversion of all three above-mentioned values by means of indices to the price level applicable in the last year of the 5-year plan.

Question Marks Concerning Counterplanning

The counterplan is an important and very significant factor of the improved management system. It was introduced in the Set of Measures as a new concept, although some of us remember the same excellent idea proposed in the early 1950's and then forgotten. In the concept of the improved management system, however, the principles of counterplanning were formulated relatively very late and not specifically enough; to this day there is not full agreement, even on details, in the views of some central authorities, as, for instance, on the question concerning the relation of counterplanning in adjusted outputs and the counterplan in the area of profits.

To be more specific: According to the attitude expressed by the representatives of the Federal Ministry of Finances, profits from counterplanning must equal at least the increment of the adjusted value added after deducting the increased creation of wages from the counterplan. Thus, for example, if the counterplan in the area of adjusted value added equals 100 and produces a wage increment in the amount of 10, the increment of profits from the counterplan must be 90. On the other hand, according to the State Planning Commission it is not decisive to what extent the counterplan was adopted in individual sectors of the financial plan.

Furthermore, I think that the counterplan is often regarded as a fashionable gimmick which must be applied always, everywhere and under any circumstances. That leads to a paradoxical situation when during the discussion of the plan employees of enterprises request that the tasks be eased so that their enterprise might submit a counterplan.

In my opinion, the counterplan may be defined two ways, namely:

—either as the fulfillment of a set objective in outputs with lower inputs than envisaged in the directive; in other words, with fewer work forces, less materials and energy or lower financial funds;

--or as the achievement of higher outputs than in the directive, but with the proviso that the higher production be focused on generally beneficial consumption; in other words, especially on deliveries for export and market funds, on savings of foreign exchange, and so on.

I miss this entirely clear definition in the generally applicable regulations issued thus far. Consequently, the views of organizations about the contents and the focus of the counterplan have been, and in many instances still are, confused. It would make no sense to adopt counterplans for increased deliveries of goods for which there is no market, or it would be self-serving to create higher adjusted value added and raise the profibability of operating assets if inputs are not saved or higher outputs efficiently utilized.

Of course, the counterplan is not a one-shot deal. The adoption of the counterplan in one year and its successful fulfillment generate extraordinary strong economic pressures for the adoption of a similar but even more dynamic higher task in following years. Otherwise the organization returns to its original point of departure and loses practically all it had achieved by counterplanning. In extreme cases, there may be a decline in the following years as compared with the year in which the counterplan wss first adopted. I do not intend to deal with this question at length because it has been discussed at the meeting of political and economic managers of the Central Bohemia Kraj under the slogan "We Have Enough to Spare" and published in HOSPODARSDE NOVINY No 41, 1982. Nonetheless, I believe that something should be said about certain other aspects related to this issue.

The adoption of counterplans places the actual plan at a further distance from the specified directive; although it follows a positive direction, the more progressive the counterplans are, the greater is the difference. Just the same, such a gradual departure from the base leads to difficulties in some areas, especially where the absolute and relative values of the plan are interrelated. By that I mean, for instance, the area of supplies. For example, if relatively very progressive counterplans are adopted and reflected in radical increases in the area of outputs, the supplies increase sharply, their turnover accelerates radically thus, serious problems develop in the creation of allotments for the revolving fund (because of the relatively high share of taxes on profits) as well as in obtaining credits (in view of the fact that their plan in the State Bank is expressed in absolute values).

The following should be added for explanation: According to the planned methodology in force, the volume of supplies is determined on the basis of the specified turnover of supplies. An organization which in its counterplan increased the adjusted value added relatively rapidly and also in that conjunction, total outputs, may thus create, even with a lower turnover, an absolutely higher volume of supplies than the specified plan has provided. However, two types of disproportions develop at that moment, first in the planning unit itself, because a discrepancy may develop, and as a rule develops, between the funds required to cover the increment of supplies from the revolving fund and the resources. This follows from the fact that after taxes the organization has left at its disposal only 25 percent of the increment in profits created by the financial plan. An analogical situation occurs in the credit area because credit limits of individual units in the State Bank are set in absolute values.

I see the only feasible solution of this problem in the creation of larger reserves within the VHJ, particularly a contingency fund, naturally, with an adjustment of pertinent regulations, so that the resources for complete interconnection of the counterplan be gradually accumulated.

Firm Normative Correlations

One of the fundamental changes introduced by the Set of Measures concerns the procedure of specification of annual plans. In the previous system a directive was specified every year, for which economic organizations prepared their proposal for the plan. The proposal for the plan was then discussed, and in case of need, the tasks were further specified and upgraded, the result being the operations plan. On the other hand, the improved system abandoned the directive for the drafting of the plan according to the concept applied thus far. The fulfillment of essential tasks of the 5-year plan in the appropriate period is regarded as the basic task of the annual plan. Thus, it means that if the organization meets all its tasks in the proposal of the annual plan and in addition, submits a counterplan, then the proposal thus specified becomes the annual operations plan without any further action, or at most, on the condition that superior authorities confirm the adoption of the counterplan. Therefore, tasks should not be additionally upgraded as in the previous system. Have we always complied with this principle?

I believe that the deviations from this principle stem in part from the fact that policies of the Set of Measures, particularly the relation between the development of wages and the dynamism of adjusted value added and profitability of operating assets, i.e., normative correlations, are adapted mainly for dynamic growth and less for stagnation or decline. If, for entirely external reasons stemming, for example, from problems with materials or energy, the given economic unit cannot develop with appropriate dynamism, or in case of decline, these norms generate an excessively harsh effect. I am referring to cases that do not involve minor slippages but declines which we may term as ordinal, for instance, by 10 percent. Another question then is whether in the given case this means permanent decline which calls for a comprehensive solution from a long-term perspective, or whether it is a temporary, short-term slippage.

In the latter case in particular, this leads to a quite logical tendency to cushion the effect of normative correlations, especially on the wage area, a tendency to resolve problems in a larger unit. In other words, this motivates the management to avoid pertinent negative consequences by breaking them down to additional economic units, even if they demonstrate a progressive economic development. Naturally, this contradicts the principles of the Set of Measures, although it does eliminate the largely insolvable problems produced by those effects.

Concern About the Fraction of Costs

Serious problems are related to the question of operations of the VHJ. The Set of Measures identified the VHJ as the basic unit of management in the economic enterprise sphere. Thus, their responsibility for the fulfillment of the tasks of the VHJ as a whole was stipulated, which made it possible to improve the cooperation and coordination of individual operations within the unit when fulfilling the tasks of the state plan. Thus far, however, the new status of the VHJ failed to accomplish a desirable reduction of management with its excessive demands on administration, although such an objective had been envisaged. On the contrary, from the current situation one may detect the opposite trend in relations between the VHJ and its superior organs. One of the main reasons is that the power of appropriate responsibility has not been granted to the VHJ. Individual operations are far too narrowly defined by mandatory regulations and norms; subordinate organizations continue having broad links with the territorial organs of the management and administration.

I also consider it necessary to mention the so-called limited items. I think that it often escapes us that these so-called limited items, by which we understand expenditures for travel, hospitality and gifts and advertising, represent only an insignificant fraction of the total costs for production organizations. I believe that I am not far from truth if I estimate that their share in the total volume of costs is at most 0.3 to 0.4 percent of total costs. The pressure exerted on these items generates mostly a situation where most attention is focused on this insignificant share of the total costs.

Furthermore, I consider it counterproductive to limit expenditures for travel which is directly connected with completed fulfillment of outputs, such as, above all, postguarantee service maintenance, costs of delivery of goods, and so on, in which cases the costs are always paid by the customer. I think that such items not only should not be restricted, but on the contrary, their restriction and limitation produce an economically harmful effect. Many specific examples in that respect may be offered. In one case I encountered, the managers of one of our organizations were reluctant to accept the request of a foreign customer to provide postguarantee servicing for pay, because their doubts were motivated by fear that their travel limits would be exceeded.

In conclusion, I consider it necessary to emphasize that the introduction of the Set of Measures is an indisputable plus for our national economy. In our VHJ we succeeded in the first years of this 5-year plan in achieving relatively high rates of growth in the area of adjusted value added on the level of about 10 percent annually; in the area of profits the increment amounts to about 20 percent annually.

Although we cannot deceive ourselves that at this time the elements of the Set of Measures have already permeated the blood of all workers from the bottom to the top, we can rightfully note that in a number of instances they have promoted more dynamic development and comprehensively intensified economic management. Nevertheless, one must bear in mind that the initial trend must be further intensified and that the new principles of management must be implemented on every level. It is particularly imperative to eliminate the shortcomings which appeared in the preparations and implementation of the Set of Measures, which means to stop procrastinating midway.

9004
CSO: 2400/167

DEPUTY MINISTER EXPLAINS NEW PROFIT LEVIES, TAX LAW

Prague HOSPODARSKE NOVINY in Czech 11 Feb 83 p 4

[Article by Eng Stanislav Sourek, CSSR deputy minister of finance: "Part of the Set of Measures"]

> [Text] Two new, important laws—on levies to the state budget and income tax—became effective on 1 January 1983. Both of them, each in its area, implement the Set of Measures and are of considerable importance for financial management of VHJ [economic production units], enterprises, cooperatives and other organizations. They introduce a number of rationalization elements and simplification of paper work in the area of levies to the state budget and income tax. They are designed to create conditions for long-term stability in relations between the economic organizations and state budget.

The present system of levies to the state budget has been in effect without a fundamental revision (only with minor changes) since 1972. Considerable experience has been gained during this period and in the overall evaluation of the system positive elements prevail. Likewise, the same thing can be said of the income tax. Critical comments on the present system of levies and income tax referred primarily to the complex paper work in certain sections (for example, addable and deductible items in calculation of the basis for the levy or tax on profit and levy on property). For this reason, the new legislation is based on the concept underlying the system of levies to the state budget in which the levy on profit specified in the relative (linear) form is of key importance.

Changes

In accordance with past experience, the new legal regulation of levies to the state budget, in effect since 1 January, no longer includes the property tax. This levy which should have resulted in the more effective utilization of capital assets and inventories did not prove effective. It gradually assumed the form of a profit tax with a rather complex calculation of the basis including a lot of paper work. Although the possibilities of making this levy more effective were explored, none of the alternatives under consideration was practically applied because their effectiveness was questionable. The levy on property was therefore abolished and its revenue incorporated in the new rates (amount) of levy on profit. The pressure on utilization of capital assets and inventories is exercised, in the spirit of the Set of Measures, in different ways which should prove more effective, such as use of the indicator of return on production assets and its direct linking to financial incentives including the personal (incentive) component of wages payable. Past experience has demonstrated that even the use of the indicator of return on production assets was not proved sufficiently effective on the utilization of capital assets and inventories, and for this reason the effect of this indicator must be analyzed and additional more effective measures in this area worked out.

Other sections of the systems of payments to the state budget, namely supplemental levies, contributions to social security and levies on depreciation, remain in the new regulation without substantial changes. The contribution to social security is specified at a uniform 20 percent rate in both laws.

The Set of Measures ordered the following fundamental changes in the system of payments to the state budget:

--to reflect in the profit tax rates measures designed to strengthen khozraschet management of VHJ and enterprises primarily for increasing their own financial basis;
--to consider modifications in the structure of levies in order to make individual levies economically more effective;
--to consider imposing the liability of a minimum (guaranteed) profit tax;
--to prepare proposals for simplifying the system of levies to the state budget.

All these problems are dealt with in the new legal regulation of levies to the state budget.

Levy on Profit Is the Basis

The new legislation substantially strengthens the significance and effectiveness of the basic levy--levy on profit. This is in agreement with the importance of the fundamental function of this levy, that is to distribute the profit between the state budget and enterprise economic sphere.

The levy on profit, on the one hand, constitutes one of the key revenues of the state budget and, on the other hand, limits the amount of VHJ and enterprise profit which can be used by them for financing their needs and financial incentives.

The new regulation also keeps intact all currently used forms of levy on profit, among which of key importance is the levy on profit with a relative, linear rate varying according to the sector or subsector of the national economy. This differentiation of rates reflects different economic conditions of individual sectors in regard to resources and needs whild observing the criterion of the maximum uniformity of rates in basic economic sectors with comparable economic activity. The differentiation also maintains the basic comparability for purposes of financial incentives and rational rate of redistribution through the state budget.

The redistribution of profit, particularly within VHJ and in some instances also among VHJ within the ministries, continues to be regarded as an integral part of the finance management system which supplements the system of levies to the state budget. It is absolutely imperative that it observe the principles now in effect which govern the redistribution among VHJ or within VHJ, and the redistribution of profit and depreciation. Above all it must be planned, must secure the interest of VHJ and enterprises in regard to production of profit, and must not conceal the differences between properly managed VHJ and enterprises and those which are mismanaged.

A new element in the system of levies on profit is the liability of a minimum levy amounting to 85 percent of the planned amount of levy specified in the approved organization financial plan. This definite form of so-called guaranteed levy on profit reflects and, in comparison with the previous regulation, increases the organizations' responsibility for the fulfillment of planned tasks including the levy to the state budget. Due to the abolition of the levy on property, it defines the minimum levy on profit, to a certain extent a "guaranteed" revenue of the state budget, if the profit produced is substantially below the planned level. The duty to pay the minimum levy will in practice apply only to those organizations which produce less than 85 percent of planned profit. This means that their profit production, and usually also their compliance with other indicators, falls substantially short of the goal. It is, therefore, desirable to correct in this way serious shortcomings in the organization itself as well as in the supervisory organs.

The organization's entire profit will in the first place be used for payment of this minimum levy on profit. If the profit is small, the difference will be paid out of the reserve fund and eventually also from other individually enumerated sources.

The basic regulation of the levy on profit which ensures its effectiveness according to the Set of Measures is the provision of the law on levies to the state budget which lists the rates of this levy.

New Rates

The new rates of the levy on profit implement the task set by the Set of Measures to increase the share of VHJ and enterprises' own funds (particularly profit) in financing their planned needs and to make their khozraschet management more effective.

The rates are based essentially on the planned production and use of financial resources of individual groups of economic organizations (sectors) during the

1982-1985 period. The computations were made on the basis of the 1982 financial plan and budget estimates for the years 1983-1985. They took into account the profitability rate resulting from the revision of wholesale prices on 1 January 1982, changes in the system of levies to the state budget as well as some other methodological and pertinent influences.

The rates in most sectors are affected by the fact that the levy on property is abolished and the total budget revenues from this levy, which amounted to approximately Kcs 19 billion in 1982, has been reflected in the basis of the levy on profit.

The general rate of the levy on profit is 75 percent for the overwhelming majority of industrial organizations. This rate will apply to all engineering sectors (in the jurisdiction of the federation), to the ministries of industry (in the jurisdiction of republics) and to some other industrial organizations in other sectors.

The above-mentioned differentiation is reflected in special rates applying to some other sectors:

--for the mining, and energy sectors, gas manufacture, geological organizations and the Water Resources Organization the rate is 50 percent;
--for the construction sector, for construction organizations the rate is 55 percent and for the organizations engaged in manufacture of building materials it is 65 percent;
--for the organization of food industry within the ministries of agriculture and food the rate is 60 percent;
--for the foreign-trade organizations the rate is 80 percent;
--for international economic organizations the rate is 50 percent;
--for the organizations in the bank system the rate is 85 percent;
--for the organizations engaged predominantly in merchandising activity and for other organizations a progressive scale of rates will apply to the levy on profit as now;
--for the organizations in spas and watering places the rate is 50 percent.

The rates set by the law for the levy on profit generally represent an increase in the share of profit in VHJ and enterprises' own financial resources, and thus also an increase in the share of profit in financing their requirements. Due to the lower rate of investment during the remaining period of the current 5-year plan and to the necessity of making use of the required share of credit in financing, levies on depreciation will have to be applied to many sectors on a larger scale than in the past. In comparison with the previous arrangement, the new regulation increases one's own financial resources in the key sectors of the national economy by more than Kcs 3.3 billion in 1983 and by Kcs 4.2 billion already in 1985. Although a simple comparison reveals an increase in the rates for the levy on profit under the new regulation, the load of the levy on profit has been actually reduced in all key sectors.

As already pointed out above, the rate of the levy on profit is 75 percent for most, primarily engineering, sectors. The increase in the present 70 percent rate has been necessitated primarily by the abolition of the levy on property which amounted to almost Kcs 19 billion in 1982. If the revenue from the rescinded levy on property were fully reflected in the rate for the levy on profit, the rate would be almost 80 percent.

The computation of the present and proposed rates of levies to the state budget results in the reduction of the total load of the levy on profit for economic organizations. While more than 78 percent of profit would be subject to the levies to the state budget according to the present regulation in 1983, according to the proposed regulation reflecting the abolition of the levy on property, the average rate of the levy on profit will be only 73 percent.

As the above figures make clear, the reduction of levies on profit will strengthen khozraschet in the economic sphere and increase responsibility for production of resources and their effective use.

The levies to the state budget alone cannot solve everything. They are only one of the economic tools, albeit an important one, affecting the enterprise sphere.

From a long-term standpoint, the new rates for the levy on profit affect the relations between resources and needs largely for entire sectors or ministries. There is, however, a considerable difference in the profit rates and relations of resources to needs, particularly investment needs, between individual VHJ and particularly between the enterprises within them. For this reason, depreciation and profit must be redistributed within VHJ, and depreciation and, only in exceptional instances, also profit must be redistributed among VHJ within the ministry as a systems measure supplementing the levies to the state budget. If there are insufficient funds in some year the levies on profit can be reduced according to law to help finance needs.

The Set of Measures must be consistently and correctly applied in the entire area of administration of finances. The responsibility for economic results must be felt at all levels of management. The elbowroom provided by the levies to the state budget will be completely used for effective khozraschet management of VHJ and enterprises, and smooth financing of the planned needs under their jurisdiction only, if other tools of management (centralization, redistribution, setting up and use of funds and so on) are correctly applied.

In comparison with the present arrangement, the new law also revises the rates and forms of the profit tax within the income tax. The new income tax law sets for two of the largest groups of taxpayers--enterprises of local economy and producer cooperatives--a straight (linear) profit tax rate of 75 percent which replaces the present progressive profit taxation. The new rate equals the basic rate of the levy on profit set by the law on levies. At the same time, however, the law reduces the profit tax for the abovementioned organizations according to the share of services in the total output. This arrangement is designed to create economic conditions for production in these organizations identical with those in industrial sectors (same prices, levies and taxes).

As to consumer cooperatives, the new regulation keeps progressive profit taxation at approximately the present level. For district (municipal) construction enterprises the profit tax rate will be 70 percent.

There is a new provision on profit taxation at a 50 percent rate for so-called small cooperatives. This rate also applies to some other taxpayers such as the Central Council of Cooperatives and associations of cooperatives (with the exception of housing cooperatives) as well as to the taxpayers with the headquarters in a foreign country. A rate of 35 percent applies to housing cooperatives and mass organizations.

Tax Reductions for Service Organizations

The new regulation of income tax implements also the important tasks formulated in the resolutions of the Sixth Plenum of the CPCZ Central Committee because in the tax area it promotes the expansion of services to the population by organizations of local economy managed by national committees and by producer cooperatives. For this group of taxpayers, there is a significant income tax relief for services which, depending upon their share in the total reduced outputs, will substantially affect the final amount of profit tax paid and thus also the amount of profit that can be spent by these organizations. The scale of these reductions incorporated in the law is based on the progressive increase in the tax relief depending upon the increase in services. The relief may represent a reduction of the tax rate (75 percent) by as much as 70 percent (in organizations providing services only, the tax burden will amount to 22.5 percent). The tax relief is so calculated that preferential treatment is given (and a bigger percentage of profit is made available) to those organizations which substantially restrict production activity yielding higher average profit and switch to services with a smaller profit margin.

The tax reductions for services were also granted under the old system of income tax. According to the new regulation, however, these reductions are substantially increased--from Kcs 370 million to approximately Kcs 725 million in 1983. Moreover, the granting of tax reduction under the old system involved too much paper work.

It is necessary that the financial funds obtained through these tax reductions be effectively used by the organizations of local economy managed by the national committees and by the producer cooperatives for further expansion of services to the population which is the fundamental goal of these reductions. In this context, it is necessary to emphasize the importance of management and organizational work by the national committees at all levels.

Rationalization and Simplification

Both new laws bring a number of rationalization elements which will result in the simplification of paper work connected with payment of levies to the state budget and with payment of income tax both in the organizations and fiscal organs. Among the principal measures of this type we can list particularly:

--in levies to the state budget as well as in the income tax, a simplification in the calculation of the basis for levies on profit or profit tax particularly by the substantial reduction of the number of addable and deductible items, and simplified payment of deposits on levies on profit, profit tax and constitution to social security;
--in levies to the state budget the abolition of levies on property;
--in the income tax, the replacement of progressive profit taxation for a considerable group of taxpayers by the application of linear tax rates and more rational and effective tax reduction for rendering services.

The rationality of this arrangement will be increased by some additional measures in the levies and tax procedures.

The new laws became effective on 1 January 1983. They represent another step forward in the implementation of the Set of Measures and also perform other functions. Their effective and active application in practice will depend upon the effectiveness of important economic tools, such as levies to the state budget and income tax, and on their integration in the entire system of financial management. The first step toward this goal is unquestionably good knowledge and mastering of new legislation.

10501
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ELECTRONICS MINISTER LOOKS AT PAST, FUTURE OF INDUSTRY

Prague HOSPODARSKE NOVINY in Czech 11 Feb 83 pp 1, 7

[Article by Prof Eng Milan Kubat, DrSc, CSSR minister of the electrotechnical industry: "We Will Recognize Only the Results"]

[Text] By the mobilization of internal forces of our ministry we achieved a number of positive results during the first 2 years of the Seventh 5-Year Plan. We succeeded in increasing production at relatively high rates, we met the specified indicators of efficiency, adjusted value added and return on production assets. Some enterprises succeeded in reducing their production cost and this in turn made possible a reduction of prices, particularly of electronics components. Many new, some of them outstanding, products were introduced.

It would not be serious, if we were not to exercise self-criticism. We failed to fulfill our export quotas for the nonsocialist countries in 1981 and 1982. We have still not solved the problem of big inventories. We have still not sufficiently accelerated technical progress or made it more effective. We also encounter problems in delivery of some types of products to consumer goods inventories.

A characteristic feature of the 1983 plan is the requiremnt for a more rapid expansion of the sector. While the index of commodity production is 103.5 percent for the FMHTS [Federal Ministry of Metallurgy and Heavy Engineering], 104.4 percent for the FMVS [Federal Ministry of General Engineering], it will be 108 percent for our ministry. Likewise in the adjusted value added, the index will be 104 percent for the FMHTS, 105.8 percent for the FMVS, 109.3 percent for the FMEP [Federal Ministry of Fuels and Power].

Also the indicators of production cost, profit, return on investment are commensurately increased. Moreover, it will be necessary to observe greater economy, particularly in the use of imported materials and selected items of domestic materials as well as in investments.

Desirable Deliveries

As to the use of production, the biggest increase of 16.3 percent at FOB prices is planned for exports to the socialist countries, and the increase of 11.9 percent at wholesale prices for deliveries to consumer goods inventories.

CSSR Government Resolution No 151/1982 set the statewide task for all organizations which still do not produce goods for consumer inventories to produce 1 percent of their total commodity production volume for the domestic market. In our ministry, we formulated a similar task as early as 1 year ago with the slogan : "Every enterprise should participate in production of consumer goods" with the ultimate goal of manufacturing consumer goods in the value of wages paid. Its fulfillment so far cannot be regarded as satisfactory. The following enterprises have still not produced products for the consumer basket: Tesla Karlin; Tesla Electroaccoustics Plants; Tesla vacuum tubes; Dias; Chirana Brno and Chirana Modrany; BEZ [Bratislava Electrical Engineering Plants] Bratislava; MEZ [Moravian Electrical Engineering Plants] Vsetin and ETZ [Electronic Enterprise] Teplice. Increased activity which was presented at the International Trade Fair of Consumer goods in Brno in 1982 was not reflected in the VHJ [economic production unit] plan in the anticipated scope. If we want to accomplish the set goal, it is necessary to increase commodity production for the consumer goods inventories an additional Kcs 200 million above the plan every year up to the year 1985. We have adopted measures to detail this task for all VHJ also in the 1984 and 1985 plans.

Some enterprise and general managers continue to drag their feet in regard to this clear task. They speculate whether it will not be expensive for them and so on. Naturally, we do not want to produce consumer goods which are unprofitable or excessively expensive. But we cannot dodge this problem in advance either.

We have several good examples that the supply of consumer goods has become more varied and increased more rapidly than originally anticipated. For example, the stores already sell Alarmic burglar alarms and Stimul 3 acupuncture devices from Tesla concern enterprise Liberec, kits from Telsa concern Electronic Componets Division and Tesla Eltos Branch enterprise and some others. Also the supply of electronic watches and calculators will be substantially better than last year.

Because of the lower investment rate in the national economy, deliveries to investment projects are not increasing. What is increasing, however, is their importance as in the case of our participation in the construction of nuclear power plants, underground and surface mines, comprehensive housing construction or most of the mandatory construction projects. We are carrying out deliveries for the construction of both nuclear power plants V2 Jaslovske Bohunice and Dukovany in accordance with the approved program. We are encountering serious difficulties, however, in assembly because of the delays in the preparation of projects, but also because of shortcomings in our own enterprises.

Our exports to the nonsocialist countries including cooperation, credits repayable in foreign exchange and color television sets will increase 4.5 percent over the 1982 plan. This does not seem much, but in view of the nonfulfillment last year the increase will actually amount to approximately 36 percent in 1983.

We especially appreciate the attitude of all those VHJ and enterprises which submitted counterplans. But we cannot approve the counterplans so long as their results are not properly balanced and sales of products not assured.

The 1983 operations plan was again discussed with all VHJ and in view of the better results achieved in 1982, the targets were raised above the level proposed by VHJ, although the specified standard of wages derived from the adjusted value added was observed. In comparison with the guideline, our sector will increase the adjusted value added 1.5 percent and wages payable likewise 1.5 percent. This will make it possible, in accordance with out intentions, to further accelerate the development of average earnings to some degree.

The condition, of course, will be the implementation of additional structural changes and particularly a more rapid expansion of branches which are less demanding on energy and materials. For this reason, the biggest growth rate of 11-12 percent is planned for branches producing electronic and microelectronic components. On the other hand, the manufacture of cables and conductors is to increase only 4-5 percent, and of electric moters 2 percent.

More Boldly into the World

Exports again are among the most demanding tasks of the 1983 plan. The change in comparison with 1982 lies particularly in the fact that there is a significant increase of 16.3 percent in exports to the socialist countries in 1983. To the USSR alone, exports will increase 21.3 percent over the 1982 level. Individual VHJ must rapidly conclude negotiations with their partners and find an appropriate assortment for surpassing specified targets.

I regard it as unacceptable that tendencies by economic management personnel still persist to judge export results independently of import requirements. As is the case with engineering, our sector must also produce a surplus in the trade balance for the state. It will not be possible for us to spend more foreign exchange than we produce. The nonfulfillment of export tasks is not only harmful to our national economy, but it also significantly restricts our own possibilities in imports and this causes losses in production, reduces efficiency and in turn affects our export possibilities. The nonfulfillment of export tasks will not be tolerated and must be reflected both in regulation of imports and bonuses.

We will require that also those enterprise which still do not export to the nonsocialist countries must allocate at least 0.4 percent of their commodity production for these exports in 1983.

In this context I would like to commend the workers of Tesla Litovel national enterprise who, in cooperation with Tesla Bratislava and A.S. Popov Research Institute for Communications Equipment, within the period started series production of a recordplayer of a new type unprecedented in our conditions which we begin to ship to the nonsocialist markets. The enterprises of VHJ Tesla - Investment Electronics also fulfilled the export plan for the nonsocialist countries in 1982 and have assumed big tasks for 1983. Tesla -

Consumer Electronics did the same. The adoption of these tasks will be reflected also in other VHJ, particularly ZAVT [Data Rocessing Equipment R&D Base] and Tesla-Electronic Components which cooperate.

It has been confirmed again that creative thinking and initiative manage to find additional possibilities for export of products and services even to markets which apply trade discrimination to our country.

Do We Make Proper Use of Means?

As to fuels, energy and metals, a new mandatory indicator of the state plan--reduction of standard consumption on gross production--has been specified for all VHJ beginning 1983. For the years 1981 and 1982, we fulfilled the state goal-oriented program 02 to save 53,000 TMP [Tons of standard fuel]. Nevertheless, the Committee of People's Control in April 1982 found shortcomings in all controlled VHJ of our ministry. The 1983 plan has ordered a reduction in consumption of 26,000 TMP. In addition, for all production organizations supervised by our ministry a concrete task has been detailed for conservation of fuels and energy in accordance with the resolutions of the 10th All-Trade Union Congress which will conserve an additional 4,000 TMP. These increased tasks have been so far reflected in the plan of only one VHJ--Tesla-Electronics Components.

Moreover, our ministry has been ordered to conserve 14,000 tons of ferrous and 3,193 tons of nonferrous metals in 1983. In accordance with the resolutions of the 10th All-Trade Union Congress, this target will be surpassed by 651 tons of ferrous metals and 166.5 tons of nonferrous metals. It is a well-known fact that the value added to materials used, for example, in cables and other products is far below the average achieved by foreign manufacturers.

In comparison with 1982, the total volume of investment will increase almost 20 percent in 1983 primarily in the category of projects with the budget costs exceeding Kcs 2 million. Chances are that investment funds will be further increased. I am frequently asked by the mass media whether the investment limit set for the electrotechnical industry is sufficiently high. I must tell the truth and say that it is not the investment limits which constitute the obstacle to our more rapid development, but the inadequate, lagging and delayed predesign and design preparation, insufficient discussion of supplier-customer relations with the building contractors and suppliers of technology. It is in the first place our enterprises and VHJ themselves which are not able to submit investment projects on time because they have not yet clarified the conceptual questions of investment such as the technology of new production, requirements for and possibilities of labor force, energy and materials resources, imports of technology and so on. Frequently solution has not yet been found to the selection of the building site, water supply, disposal of waste, effect on the living environment and so on. Likewise, our investor enterprises do not decide in due time on the project contractor and supplier of technology, although admittedly this is frequently a complex and difficult affair. The final result is, that projects improperly prepared cannot be included in the capital investment plan. In all negotiations between direct investors and VHJ general managers, the primary emphasis must be on the reconciliation of differences. Shifting responsibility to the ministry is not a proper procedure. To improve the situation in the design of construction projects, it is necessary for the investors to improve their cooperation with our design organization, Elektroprojekta.

Shortcomings also continue to exist in putting projects into operation. The progress in the construction of one of our small projects which started in 1975 and was completed in 1982 must be regarded as absolutely unacceptable. On the other hand, we can regard as exemplary the progress in the construction of MEZ Frenstat--the machining plant for noncombustion engines--with a budget cost of Kcs 10.7 million which could already be put into experimental operation less than 1 year after construction started.

The concept of future development of the production basis, of future projects and investments must consistently comply with the condition of full utilization of existing capacities, that is of 1.5 shifts per production worker and 2.0 shifts per item of mechanical equipment. The corresponding figures for 1981 were 1.33 and 1.53 respectively. We will discuss neither new imports nor new investments with organizations which do not make full use of existing machinery and technology.

The detailed breakdown of the plan called for a 7.8 percent increase in the adjusted value added and a 1.8 percent increase in total wages over the 1982 level while increasing labor productivity 6.9 percent. Through the adoption of counterplans, we increased the growth rate of adjusted value added to 9.3 percent and of wages to 3.3 percent. In this way we will accelerate increases in average earnings.

As of 1 January, 12 enterprises began the organizational and technical preparation for the experiment with the brigade form of work organization and remuneration. I expect the enterprises to make use of these forms of remuneration for improving production organization and management, for increasing worker participation in management and for increasing overall efficiency.

Economic Results Are the Ultimate Criterion

We regard the financial plan as one of the tools for increasing production efficiency, particularly by reduction of production cost. The 1983 plan anticipates a 4.5 percent cost reduction in the organizations of VHJ Tesla-Electronic Components and a 3.6 percent reduction in the enterprises of VHJ ZAVT Prague. However, in other VHJ and organizations directly managed by the ministry, the cost reduction planned for 1983 is within the 1.4-2.3 percent range. After all, it is not only the rate at which the costs are reduced that matters. In planning production costs, we mmst pay increased attention to the production costs of our competitors in the world. Only a more rapid reduction of costs will make further price reductions possible. In the future, we shall reflect in the plan much more substantial cost reduction than in the past.

We shall continue to create conditions for covering our own needs within the principles of khozraschet management with a considerable reduction of wholesale prices, particularly of electronic components. Only our success in international competition can serve as the yardstick for measuring the results of our work in the future.

We have another set of statistical data which are also important. It is the export-margin indicator for our products on the damanding foreign markets. It is precisely this indicator that gives credit to the workers of technical development, to the workers of our merchandising organizations both here and abroad.

It is certainly not necessary to describe in detail the key importance of technical development and innovations precisely in the electrotechnical industry and electronics. Apart from the technical development plan during the next 2-4 years, the innovation tasks proved themselves as a new and flexible form. These are short-term (1 to 1.5 years) tasks with high target parameters--top standards or standards comparable with foreign countries which are implemented in production and merchandising. For these innovation tasks, we set considerable completion bonuses which are linked to the time of completion and the resulting effect. Bonuses are paid to thsse who have contributed to the fulfillment of the innovation tasks regardless of their job or classification. The emphasis on innovation tasks is on the rapid export effect.

Opinions still persist on the evaluation of the technical development plan which have little in common with the ultimate results. They assess progress according to expenditures on technical development, according to the number of implementation outputs, according to the implementation of individual stages. The economic evaluation of results must be made the key criterion. Specifically this means, for example, whether we make as effective use of input material, energy, fixed assets and labor force as the rest of the world. We will also evaluate management personnel accordingly.

One of the great tasks which we will support is our participation in some heavy engineering projects such as gas pipeline construction. For controlling compressors' electric drive, optoelectronic components are required which will be developed by Tesla VUST [Research Institute for Communications Equipment]. This likewise is a suitable subject for an innovation project. Consumer goods offer a very broad field for innovation activity. In our struggle for higher quality, we expect a positive result from the implementation and intensification of comprehensive systems of quality control by production enterprises and VHJ.

International cooperation is another area which we regard as a significant tool for increasing efficiency. In accordance with the resolutions of the 16th CPCZ Congress and the task resulting from them for our ministry, we achieved some progress during the first years of the Seventh 5-Year Plan. Nevertheless, we do not regard the present participation of the electrotechnical industry in the international division of labor as sufficient. Despite the present scope of our cooperation with the USSR, we still have reserves in comparison with other CEMA states. Much work will have to be done in the higher forms of cooperation such as joint organizations.

On the basis of documentary material submitted, our ministry has also developed a set of proposals for production cooperation with the nonsocialist countries. During their preparation, experiences were evaluated from already signed contracts on production cooperation as well as from ongoing negotiations with our partners. There are also additional reserves in the utilization of knowledge and results gained during official trips preparing ground for effective production collaboration and cooperation.

In foreign trade, we started an experiment on 1 January 1983 which is designed to speed up scientific-technological progress, to produce the best possible results in external economic relations and to gradually restore the foreign-exchange balance. I would like to point out that it will be up to the work collectives in VHJ and enterprises whether they will know how to properly use new rules for making the reproduction process more effective or whether they will bring them unexpected complications. Experiments unquestionably offer chances, but also involve risks if, for example, in innovations and foreign trade, necessary activity is not developed which would be reflected in the desirable results.

We are aware that prices affect the deployment of electronics. We will reduce wholesale prices by approximately Kcs 2 billion this year. Semiconductor components account for a substantial part, that is, Kcs 1 billion, of this reduction. We intend to effect another reduction amounting to at least Kcs 1.2 billion on 1 January 1985. It is absolutely imperative to prepare the programs of economic development in which we shall set ourselves firm tasks to be gradually implemented in 1984 and 1985 and also during the Eighth 5-Year Plan.

Guarantees Are in Political Work

A serious question which is closely related to the more rapid application of technical progress is the attitude of organizations toward the remuneration of creative technical workers, particularly constructors, technologists, design engineers R&D workers. Although the existing regulations make it possible to pay higher wages to workers who achieve extraordinary results, these possibilities are not sufficiently used and management personnel lack the courage to give significant bonuses to the workers achieving extraordinary results and to enforce the necessary differentiation.

New tasks also require high skill. From this standpoint, we cannot regard the present qualification standards as adequate. Even the submitted draft plans for raising personnel qualification standards in 1983 will not result in their substantial improvement.

The social policy of the ministry is an important aspect of working with cadres. It includes measures contributing to the stabilization of the labor force through the improvement of working and living conditions. In some instances, these measures cannot be implemented without additional investments. The investments in 1983 will focus on the construction and modernization of educational, catering, housing and recreational facilities, apartments and protection of working environments. The reserves remain in the expansion of catering in plants, factory health care and also in the measures designed to increase occupational safety and health protection on jobs.

Attention to the social development of our plants is only one aspect of cadre work. Its other aspect is the development of worker initiative and socialist competition. We already have ample experience in this area and selected collectives have already been awarded high distinctions. The best ones received awards for the results achieved in conservation of fuels, energy and metals, for innovation of products and other results. Our ministry received 38 state decorations last year. We will continue along this road because it is necessary to raise the authority of all creative people. For this purpose, the awarded distinctions will have to be more advertised.

Some new forms of socialist competition will be used in our ministry during 1983. To promote more rapid innovations of products, we have announced a socialist competition for the best innovation enterprise and best innovator. This initiative should substantially contribute to the fulfillment of the important task of this year--to innovate 30 percent of the total volume of consumer goods produced.

We cannot excuse our difficulties by blaming them on the economic depression in the capitalist world, on the economic sanctions applied against us or on objective influences beyond our control. Export results reflect mainly our abilities, abilities in technical development, in production and trade. Our technicians and blue-collor workers are not worse than those in the rest of the world. I am convinced that with good political work we will win over large collectives of workers for the fulfillment of our tasks. We attach great importance to the support of party, trade union and youth organizations, the CSVTS [Czechoslovak Scientific and Technological Society] and other units which work in our plants.

10501
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AIR POLLUTION EFFECT OF RENEWED USE OF BROWN COAL ANALYZED

West Berlin DIW-WOCHENBERICHT in German Vol 50 No 4, 27 Jan 83 pp 43-49

/Article by Conrad Schwartau, German Institute for Economic Research (DIW). West Berlin: "Increasing Air Pollution in the GDR Through Rediscovery of Brown Coal"/

/Text/ The GDR responded to the inflation of oil prices by a radical change in its energy policy. Oil and even hard coal are to be replaced by domestic brown coal--wherever possible. In the short run this is likely to improve the GDR's foreign exchange balance but, in the long term, will have serious effects on air quality, especially in the GDR's industrial conurbations. The substitution of brown coal for oil will substantially raise total emissions of sulfur dioxide. Recourse to domestic brown coal will, therefore, involve not merely considerable expenditure for the development of additional strip mines but, at a later date, more major investments for environmental control.

Restrictions on Energy Imports Compel the Expansion of the Brown Coal Industry

The GDR's serious foreign exchange and raw materials shortage and the cuts in Soviet oil deliveries since 1982 have required repeated adjustments in the coal and energy sector.[1] Planned at this time is an expansion of brown coal production from 258 million tons in 1980 to 295 million tons by 1985 and 300 million tons by 1990.[2] Heating oil, hard coal and hard coal coke are to be replaced by brown coal or its by-products wherever possible. This applies to households, industry and trade, the 300 GDR power plants and thermal power plants, the 21,000 industrial furnaces and, especially, heat production for processing in the chemical, metallurgical and brown coal refining industries. The expansion of power plant capacity is to be based largely on brown coal. The share of nuclear power in electricity production will not rise much until 1985 (1981: 12 percent).

Latest publications indicate that the GDR will take into service a major coal hydrogenation plant based on the use of brown coal in 1990--certainly no later than 1992. This plant is to process about 10 million tons of raw brown coal perannum into fuels and other liquids. The construction of such a plant is evidently needed to offset the reduction in oil imports. Any farther reaching replacement of oil is still excluded as unrealistic.[3] The GDR assumes that the technical procedures of carbon chemistry, especially catalytic high-pressure hydrogenation, will show considerable advances in future. However, disregarding doubts in the economic efficiency of such efforts, they certainly exceed the current investment capacity and scientific-technical powers of the GDR.

In the past 25 years the percentage of lower sulfur Lausitz raw brown coal in total output has nearly doubled. This is a very welcome shift from the environmental aspect. Raw brown coal from the Halle/Leipzig region has a higher thermal value (lower water content) and is better suited to carbon chemistry (tar content) than Lausitz coal. However, it pollutes far more. On the average coal from the Halle/Leipzig region has more than triple the volume of sulfur. Admittedly, quality varies very considerably even within these mining regions.[4] According to GDR reports, the high-grade coking coal for the production of high-temperature coke (BHT coke) may only have a .3-.4 percent sulfur content (Lausitz average .6 percent). The high-bituminous lignite coal mined south of Leipzig generally has an above 3 percent sulfur content, that from the Halle region usually more than 3 percent. GDR sources report the average sulfur content of coal from the Halle/Leipzig region as 2 percent.

The planned increase in the total output of brown coal through 1990 can be achieved only if more coal is produced in the Halle/Leipzig region. In view of the sulfur content mentioned, this implies greater pollution.

The GDR's Total Sulfur Dioxide Pollution

Available estimates by the United Nations Organization, the Federal Office for the Environment and published GDR studies[5] usually refer to sulfur dioxide emissions in the total territory of the GDR. All sources agree that SO_2 emissions attributable to brown coal firing amount to 2.5 million tons per annum.[6] In fact this figure is probably too low.

Development of the Fuel Industry (in million tons)

	1955	1960	1965	1970	1975	1980	1985[1]	1990[1]
(1) **Förderung**								
(2) Rohbraunkohle	200,6	225,5	251,3	261,5	246,7	258,1	295	300
(a) davon: Raum Lausitz	61	86[1]	113[1]	133	143	148	180	180
(Anteil in vH)	(30,4)	(38,1)	(45,0)	(50,9)	(58,0)	(57,0)	(61)	(60)
(b) Raum Halle/Leipzig	140	140[1]	138[1]	128	104	110	115	120
(3) **Produktion**								
(4) Braunkohlenbriketts	51,0	56,0	60,4	57,1	48,9	49,7	51	52
(5) Braunkohlenkoks	6,4	7,7	7,3	6,3	5,6	5,3	6,5	7,9
(a) dar.: Tieftemperaturkoks	6,4	6,7	6,3	5,0	3,5	2,7	3,6	4,3
(b) Hochtemperaturkoks	0,0	1,0	1,0	1,3	2,0	2,6	2,9	3,6
(6) Steinkohlenkoks	2,7	3,2	3,2	2,6	1,8	(1,2)[2]	1,2	1,2
(7) **Import**								
(8) Rohbraunkohle[3]	4,1	5,5	5,7	3,9	3,4	1,6	[illegible]	[illegible]
(9) Steinkohle	6,3	8,0	9,5	8,2[4]	6,4[4]	6,3[4]	[illegible]	4,5
(10) Steinkohlenkoks	2,6	2,5	3,2	3,1	3,0	3,1	[illegible]	2
(11) Erdöl	.	1,9	5,1	10,3	17,0	21,9	< 20	< 20
(12) **Export**								
(13) Braunkohlenbriketts	5,2	6,3	6,0	3,8	2,3	2,2	2,5	2,5

(14) 1)Geschätzt.-2)1981.-3)Aus Polen.-4)Einschl. Anthrazit.

(15) Quellen: Statistische Jahrbücher der DDR; Fünfjahrplan 1981 bis 1985; Berechnungen und Schätzungen des DIW.

/Key on following page/

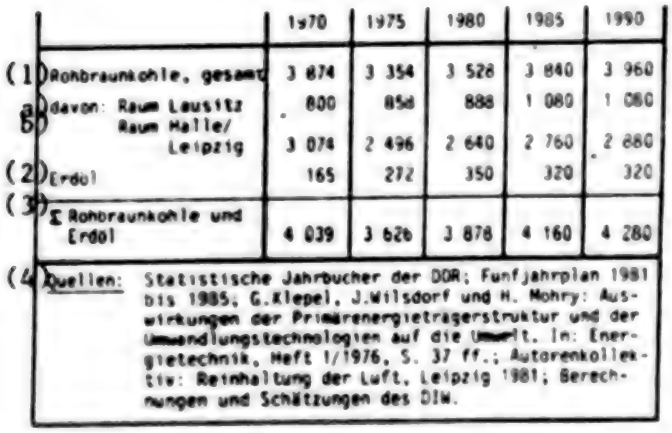
Key:

1. Mining output
2. Raw brown coal
   a) Lausitz region (percentage)
   b) Halle/Leipzig region
3. Production
4. Brown coal briquettes
5. Brown coal coke
   a) Low-temperature coke
   b) High-temperature coke
6. Hard coal coke
7. Imports
8. Raw brown coal
9. Hard coal
10. Hard coal coke
11. Oil
12. Exports
13. Brown coal briquettes
14. Footnotes: 1) Estimated.-- 2) 1981.-- 3) From Poland.-- 4) Including anthracite
15. Sources: GDR Statistical Yearbooks; 1981-1985 Five-Hear Plan; DIW Computations and estimates

We must always take into account the fact that the quality of the fuel used is far more important from the aspect of the generation of pollutant emissions than the processing technologies of brown coal--low-temperature carbonization, coking, gasification, electricity production, burning by households and industry. Almost no desulfurization plant has been installed in any GDR factory. Nearly 90 percent of the available raw brown coal is supplied for energy producing processes, in other words it is burnt. In carbon chemical processes also the sulfur in raw brown coal is largely released in the atmosphere.

It is possible to estimate the development of total SO_2 emissions due to raw brown coal output. The determining factor is the percentage ratio of Lausitz to Halle/Leipzig coal used--a ratio that has changed in the course of the years. We have used parameters derived from GDR publications that first came to our knowledge by way of an article dating from 1976.[7] The sulfur values cited there are probably better than they are now, because the quality of the coal has deteriorated in recent years.[8] Upon burning, part of the sulfur is bonded to the ash; this also must be part of the calculations. The respective figures also originated in the GDR.

SO_2 Emissions in the GDR (estimated calculation for brown coal and oil in 1,000 tons SO_2)



	1970	1975	1980	1985	1990
(1) Rohbraunkohle, gesamt	3 874	3 354	3 528	3 840	3 960
a) davon: Raum Lausitz	800	858	888	1 080	1 080
b) Raum Halle/ Leipzig	3 074	2 496	2 640	2 760	2 880
(2) Erdöl	165	272	350	320	320
(3) Σ Rohbraunkohle und Erdöl	4 039	3 626	3 878	4 160	4 280

(4) Quellen: Statistische Jahrbucher der DDR; Funfjahrplan 1981 bis 1985; G.Klepel, J.Wilsdorf und H. Mohry: Auswirkungen der Primärenergieträgerstruktur und der Umwandlungstechnologien auf die Umwelt. In: Energietechnik, Heft 1/1976, S. 37 ff.; Autorenkollektiv: Reinhaltung der Luft, Leipzig 1981; Berechnungen und Schätzungen des DIW.

/Key on following page/

Key:

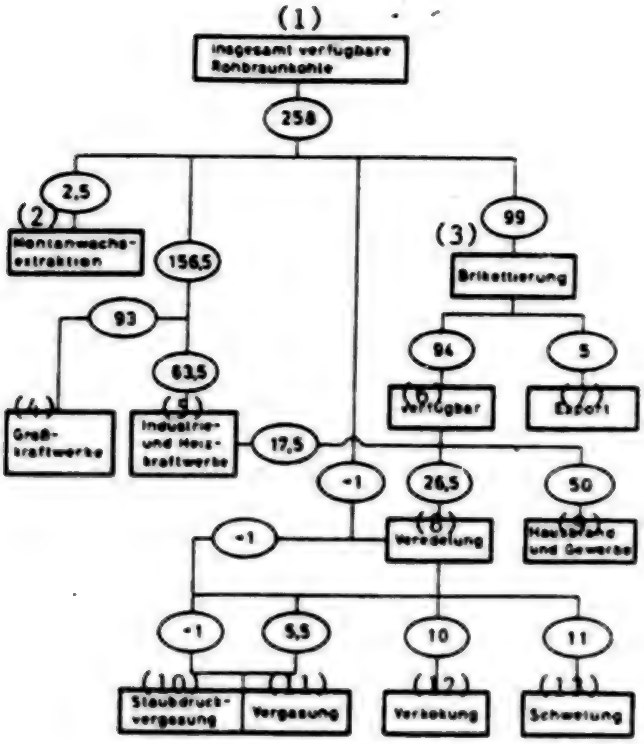
1. Total raw brown coal
   a) Lausitz region
   b) Halle/Leipzig region
2. Oil
3. Raw brown coal and oil
4. Sources: GDR Statistical Yearbooks; 1981-1985 Five-Year Plan; G. Klepel, J. Wilsdorf and H. Mohry: "Effects on the Environment of the Primary Energy Structure and Processing Technologies," ENERGIETECHNIK, No 1/1976, pp 37 ff; Collective of authors: "Reinhaltung der Luft" /Keeping the Air Clean/, Leipzig 1981; DIW computations and estimates.

Assuming that Lausitz raw brown coal has an average 0.6 percent sulfur content, some 50 percent are released as sulfur dioxide (ash bonding 50 percent) and coal from the Halle/Leipzig region has an average 2 percent sulfur content and 60 percent are emitted (ash bonding 40 percent), and taking into account the output structure, we arrive at the emission values for sulfur dioxide shown in the table. Though these parameters must be considered quite good, the calculation yields higher values for total SO_2 emissions due to raw brown coal than the 2.5 million tons SO_2 reported earlier. Values were higher by a third even in the mid-1970's. In the early 1980's at least 3.5 million tons per annum were emitted, and we must expect just about 4 million tons by 1990. To ascertain total pollution, we need to add the emissions of other SO_2 polluters such as oil refining, hard coal and coke users, the metallurgical industry and many others.

For 1975 and even 1980 the development of emissions originating with brown coal demonstrate lower values than for 1970. The reason is the 1970's shift in structure to the use of Lausitz coal, the decline (in absolute terms) of mining in the Halle/Leipzig region (due to, among other reasons, the total decarburization of the Geiseltal deposits that had a particularly high sulfur content) and the replacement of brown coal by oil and natural gas. Developments were also supported by the decline in carbon chemistry and a shift in the structure of brown coal coke production: Low-temperature carbonization coking declined, high-temperature coking has doubled.

Regionally also developments in the first half of the 1970's had a beneficial effect, especially in the Halle/Leipzig region. The oil industry increasingly settled there (Leuna, Zeitz and Boehlen with a processing capacity in excess of 10 million tons of crude oil), largely replacing coal based chemicals. Its production of heating fuel also created favorable conditions for the conversion of thousands of industrial furnaces and many power and thermal power plants to less polluting energy sources. Despite an above average rise in the production of the basic materials concentrated in this region, total SO_2 pollution dropped in the first half of the 1980's and rose relatively slowly until 1980. However, the reversal in the 1980's, once again replacing oil by brown coal, is destroying the earlier antipollution successes. In the 1980's the Halle/Leipzig conurbation will suffer greater pollution than ever: In the past 10 years chemical production has doubled there, the oil industry is supposed even more completely to split heating oil (3 percent sulfur content); a major power plant is under construction in Delitz; coal refining is reviving south of Halle/Leipzig.

Utilization Pattern of Raw Brown Coal in the GDR--1980 (million tons raw brown coal)



Key:

1. Total available raw brown coal
2. Lignite wax extraction
3. Briquetting
4. Major power plants
5. Industrial and thermal power plants
6. Available
7. Export
8. Refinement
9. Domestic and industry/trade burning
10. Dust pressure gasification
11. Gasification
12. Coking
13. Low-temperature carbonization

Effects of Coal Refinement on the Distribution of Air Pollution

In 1980 26.5 million tons of raw brown coal went for refining. This volume will rise by 15-20 million tons by 1990. All coal refining processes are distinguished by a great deal of pollution; this applies not only to sulfur dioxide emissions but also to pollution of the vicinity by noise, dust, smells and to water pollution.

As regards the various types of coal refining processes, we must include in our considerations of regional pollution, especially, the kind of technology used, both from the aspect of age and technical condition as well as that of different severity (undefined sources of exhaust gas on the ground, low decarbonization chimneys,

varying chimney heights, gas flares). Only a few factories have desulfurization facilities. GDR brown coal is generally refined by one of the following processes:

-- Low-temperature carbonization of the soft coal (with tar content) from the region south of Leipzig. The end products are tar for motor fuel production and low-temperature coke (BTT coke); largely for use in the chemical industry (for example the production of synthesis gas).

-- High-temperature carbonization of the particularly high-grade coking coal from the Lausitz region. Similiar to hard coal degasification in gas works, the end products here are the coupled products coke (BHT) and gas.

-- High-temperature gasification of low-grade coal for the production of city gas.

SO_2 Emissions Resulting from the Production and Use of BTT Coke

		1980	1985[1)]	1990[1)]
(1)	Basis: Teer- und schwefelhaltige Weichkohle			
(2)	Brikett-Einsatz (in Mill.t)	5,5	7,2	8,7
(3)	= Heizwert (in 1000 TJ)[2)]	111	145	175
			SO_2-Emission (in 1000 t)	
(4)	1. am Ort der Schwelung (1,2 t SO_2/TJ)[3)]	133	174	210
(5)	2. durch Koksverbrennung (0,9 t SO_2/TJ)[3)]	99	130	157
(6)	3. bei der Teerverarbeitung (0,3 t SO_2/TJ)[1)]	33	43	53
(7)	SO_2-Emission, insgesamt	265	347	420
(8)	1)Geschätzt.-2)1000 t Braunkohlen-Brikett aus dem Raum Halle/Leipzig haben einen Heizwert von 20,1 Terra-Joule (TJ).-3)Werte des SO_2-Ausstoßes entnommen aus: Energietechnik.			
(9)	Quellen: Statistisches Jahrbuch der DDR 1982, S. 136; Energietechnik, Heft 1/1976, S. 38, sowie Berechnungen und Schätzungen des DIW.			

Key:

1. Base: Soft coal containing tar and sulfur
2. Briquette use (million tons)
3. Equals calorific power (1,000 TJ)
4. At site of low-temperature carbonization
5. By coke burning
6. By tar processing
7. Total SO_2 emissions
8. Footnotes: 1) Estimated. -- 2) 1,000 tons brown coal briquettes from the Halle/Leipzig region have a thermal value of 20.1 terra joule (TJ).-- 3) Data on SO_2 emissions cited from ENERGIETECHNIK
9. Sources: 1982 GDR Statistical Yearbook, p 136; ENERGIETECHNIK No 1/1976, p 38; DIW computations and estimates.

Especially dangerous from the environmental aspect is the reactivation of the low-carbonization plants in Espenhain, Boehlen and Deuben in furnaces that had in part been closed down earlier. These date back to the 1920's, are technically obsolete and emit a large volume of pollutants.[10] Moreover, working conditions there are well-nigh unbearable, the expenditure of materials and labor far too great and detrimental effects on the regional environment by uncontrolled emissions substantial. Furthermore, the reserves of coal suitable for carbonization (coal with a high tar content) are strictly limited. SO_2 pollution is considerable on the site of low-temperature carbonization and further processing of the end products. These products still contain about 50 percent of the sulfur initially introduced by the brown coal. The further processing plants also are largely located in the Halle/Leipzig region, for example the production of synthesis gas on the basis of BTT coke in the old Winkler works in Leuna and the tar processing factories in Zeitz and Rositz. Hydrogenation plants in these locations are producing motor fuel, paraffin, pitch and lubricants.

By the mid-1980's SO_2 emissions (more than 170,000 tons per annum) at the site of low-temperature carbonization--that is the three furnace complexes in Espenhain, Boehlen and Deuben alone--will exceed total emissions (industry and power plants including thermal energy plants) in the area of the "southern Rhine track" (Cologne chemical belt)--comparable in size--one of the most seriously polluted regions in the FRG. If we include the sulfur still present in the products, some 400,000 tons of SO_2 per annum will be discharged by low-temperature carbonization and succeeding production at the end of the 1980's.

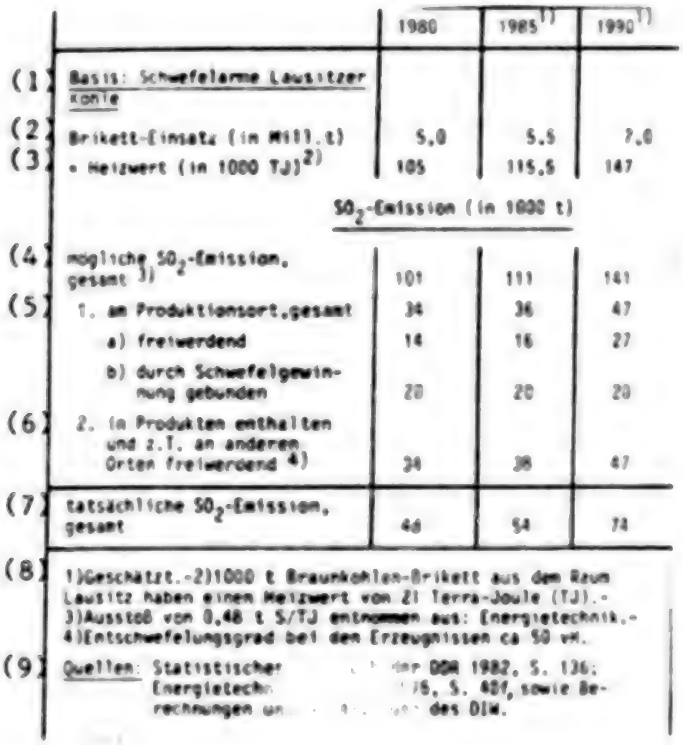
From the environmental aspect, modern high-temperature carbonization is relatively the most harmless of all brown coal refining processes. Unfortunately the lack of particularly low-sulfur coking coal severely limits the expansion of this process. Production is carried on in two plants in Lauchhammer and Black Pump; one of them is equipped with a desulfurization plant (Claus plant with an annual capacity of 10,000 tons sulfur), the other uses its--burned off--waste gases for the production of energy. The impellent gas produced is cleared of hydrogen sulfide and sulfur dioxide in a rectisol plant. There is considerable pollution in the immediate vicinity of the factory by smelly substances (H_2S) and dust. By comparison with low-temperature carbonization or high-pressure gasification, SO_2 emissions at the site of production are relatively low but still substantial. The major part of the sulfur (about two thirds) is released only at the site of further processing. Brown coal high-temperature coke is about as good as hard coke. In the 1980's it is to increasingly replace hard coal coke for carbide production (in Buna and Piesteritz) and in metallurgy (Eisenhuettenstadt).

Low-temperature carbonization and high-temperature coking require briquettes as their rae material. Pressure gasification also uses (sulfurous) briquettes, but an alternative is possible, involving direct use of raw brown coal and/or brown coal dust. A pilot plant for processing salt coal--coal high in inerts--was taken into service in 1982. This process is to be widely used in the 1980's.

Briquette production is turning out to be a bottleneck. This involves the use of a great deal of energy to remove water from raw brown coal (the water content of raw brown coal ranges from 50 percent to 60 percent) and to press the briquettes. The production plants are totally obsolete. Some of them date back to the turn of the century, and two thirds of briquettes are manufactured in factories constructed before 1949.[11] At present one briquette factory is going up in the Black Pump Combine but will merely replace older plants and not noticeably expand capacity. It does not seem that other investments are planned because, as the directive to the five-year plan states, briquette output is not intended to rise much. This restrained planning with respect to an expansion of briquette production may be due to the fact that suitable high-grade raw brown coal is particularly scarce.

We may expect, therefore, that the use of raw brown coal and brown coal dust for gasification will show an above proportionate rise in the 1980's, is in fact likely to double. In the past gas production has been increasingly concentrated in the Black Pump Combine. For some time past this has also included the Lauchhammer refinery. Though large quantities of sulfur are produced in the gasification plants (1980: some 25,000 tons), SO_2 emissions and other adverse effects on the vicinity are substantial. Involved are sulfur dioxide, hydrogen sulfide and dust, especially.

SO_2 Emissions in the Production and Use of BHT Coke



	1980	1985[1)]	1990[1)]
(1) Basis: Schwefelarme Lausitzer Kohle			
(2) Brikett-Einsatz (in Mill. t)	5,0	5,5	7,0
(3) = Heizwert (in 1000 TJ)[2)]	105	115,5	147
	SO_2-Emission (in 1000 t)		
(4) mögliche SO_2-Emission, gesamt [3)]	101	111	141
(5) 1. am Produktionsort, gesamt	34	36	47
a) freiwerdend	14	16	27
b) durch Schwefelgewinnung gebunden	20	20	20
(6) 2. in Produkten enthalten und z.T. an anderen Orten freiwerdend [4)]	34	38	47
(7) tatsächliche SO_2-Emission, gesamt	48	54	74

(8) 1)Geschätzt.-2)1000 t Braunkohlen-Brikett aus dem Raum Lausitz haben einen Heizwert von 21 Terra-Joule (TJ).- 3)Ausstoß von 0,48 t S/TJ entnommen aus: Energietechnik.- 4)Entschwefelungsgrad bei den Erzeugnissen ca 50 vH.

(9) Quellen: Statistischer [illegible] der DDR 1982, S. 136; Energietechn[illegible] /76, S. 401, sowie Berechnungen un[illegible] des DIW.

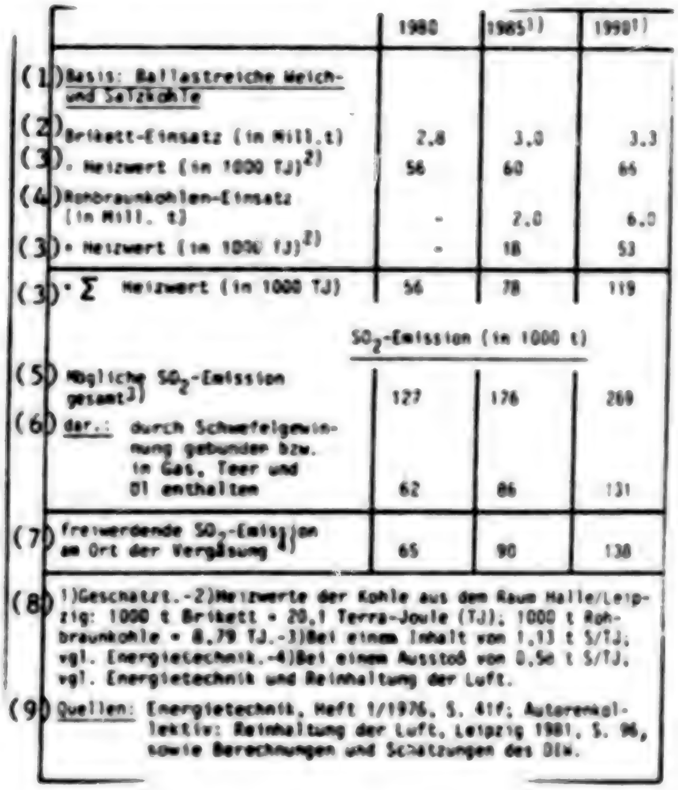
Key:

1. Base: Low-sulfur Lausitz coal
2. Briquette use (million tons)
3. Equals calorific power (1,000 TJ)
4. Total potential SO_2 emission
5. Total at the site of production
   - a) Released
   - b) Fixed by sulfur production

/Key continued on following page/

6. Contained in products and to some extent released on other sites
7. Actual total SO_2 emission
8. Footnotes: 1) Estimated.-- 2) 1,000 tons brown coal briquettes from the Lausitz region have a thermal value of 21 terra joule (TJ).-- 3) Discharge of .48 tons of sulfur per TJ, cited from ENERGIETECHNIK.-- 4) About 50 percent desulfurization of the products.
9. Sources: 1982 GDR Statistical Yearbook, p 136; ENERGIETCHNIK, No 1/1976, pp 40 f; DIW computations and estimates.

SO_2 Emissions in Pressure Gasification



	1980	1985[1)]	1990[1)]
(1) Basis: Ballastreiche Weich- und Salzkohle			
(2) Brikett-Einsatz (in Mill.t)	2,8	3,0	3,3
(3) ≙ Heizwert (in 1000 TJ)[2)]	56	60	66
(4) Rohbraunkohlen-Einsatz (in Mill. t)	-	2,0	6,0
(3) ≙ Heizwert (in 1000 TJ)[2)]	-	18	53
(3) ≙ Σ Heizwert (in 1000 TJ)	56	78	119
	SO_2-Emission (in 1000 t)		
(5) Mögliche SO_2-Emission gesamt[3)]	127	176	269
(6) dar.: durch Schwefelgewinnung gebunden bzw. in Gas, Teer und Öl enthalten	62	86	131
(7) freiwerdende SO_2-Emission am Ort der Vergasung[4)]	65	90	138

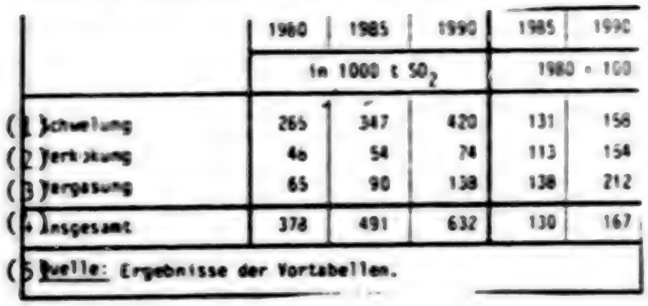
(8) 1)Geschätzt.-2)Heizwerte der Kohle aus dem Raum Halle/Leipzig: 1000 t Brikett = 20,1 Terra-Joule (TJ); 1000 t Rohbraunkohle = 8,79 TJ.-3)Bei einem Inhalt von 1,13 t S/TJ; vgl. Energietechnik.-4)Bei einem Ausstoß von 0,58 t S/TJ, vgl. Energietechnik und Reinhaltung der Luft.

(9) Quellen: Energietechnik, Heft 1/1976, S. 41f; Autorenkollektiv: Reinhaltung der Luft, Leipzig 1981, S. 96, sowie Berechnungen und Schätzungen des DIW.

Key:

1. Base: Soft and salt coal, rich in inerts
2. Briquette use (million tons)
3. Equals calorific power (1,000 TJ)
4. Raw brown coal use (million tons)
5. Total potential SO_2 emission
6. Fixed by sulfur production or contained in gas, tar and oil
7. Released SO_2 emission on the site of gasification
8. Footnotes: 1) Estimated.-- 2) Caloric values of coal from the Halle/Leipzig region: 1,000 briquettes equal 20.1 terra joule (TJ): 1,000 tons raw brown coal equal 8.79 TJ.-- 3) At a content of 1.13 tons sulfur per TJ; see ENERGIETECHNIK.-- 4) At a discharge of .58 tons sulfur per TJ; see ENERGIETECHNIK and "Keeping the Air Clean."
9. Sources: ENERGIETECHNIK, No 1/1976, pp 41f.; collective of authors: "Keeping the Air Free of Pollution," Leipzig 1981, p 96; DIW computations and estimates.

Development of SO_2 Emission Incident on Coal Refinement



	1980	1985	1990	1985	1990
	in 1000 t SO_2			1980 = 100	
(1) Schwelung	265	347	420	131	158
(2) Verkokung	46	54	74	113	154
(3) Vergasung	65	90	138	138	212
(4) Insgesamt	378	491	632	130	167

(5) Quelle: Ergebnisse der Vortabellen.

Key:

1. Low-temperature carbonization	4. Total
2. Coking	5. Source: The preceding tables
3. Gasification	

The map shows that the sites of brown coal refinement are in the GDR's principal regions of emission. Moreover, well above half of all GDR electric energy production in the 1980's will be concentrated in the area around Cottbus. Located in the Halle/Leipzig region are the centers of the basic chemical industry (Bitterfeld, Buna, Leuna, Piesteritz and Wolfen) as well as some 50 percent of the GDR oil industry and 20 percent of electic energy production. Moreover this region is much involved in the replacement of oil and natural gas by domestic brown coal.

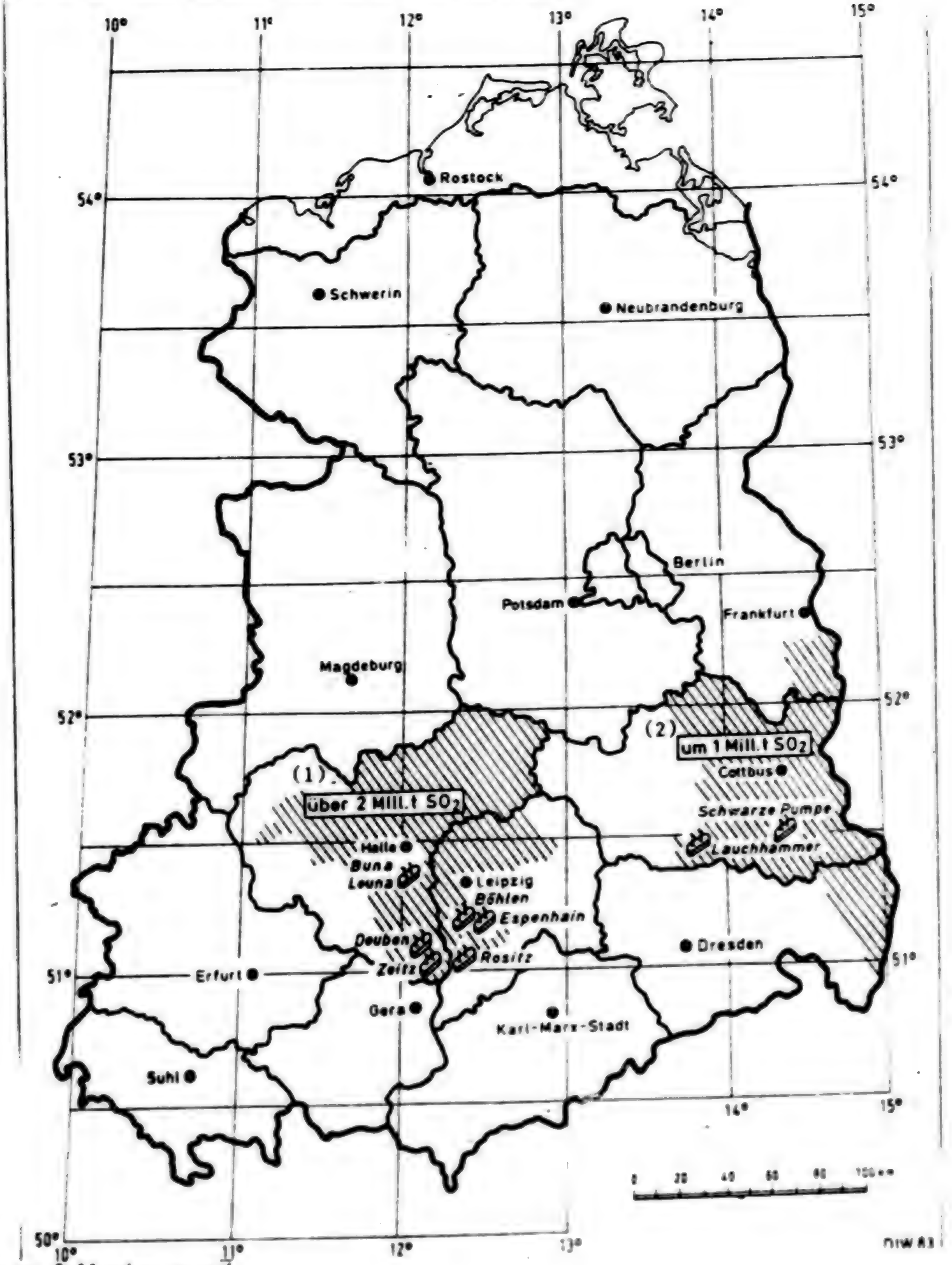
The increase in SO_2 emissions, discernible as a result of these studies, is serious for the following reasons:

-- -- Even in the 1970's the GDR had the highest rate of SO_2 emissions per square kilometer (37 tons compared with 14.5 tons for the FRG).[12] Going by the estimate submitted here, this value is now bound to be at least 25 percent greater and will continue to rise.

-- -- The rise in total sulfur dioxide emissions is accompanied by a worsening in the regional discharge structure. Almost half the SO_2 emissions are concentrated in the Halle/Leipzig conurbation.

These are the results of the change in raw materials policy due to balance of payment difficulties. Though the GDR is aware of the dangers involved, it will have to accept them as matters now stand.

Main GDR Emission Regions and Brown Coal Refining



/Key on following page/

Key:

1. More than 2 million tons SO_2 2. Around 1 million tons SO_2

FOOTNOTES

1. See "GDR Energy Industry Confronted with Difficult Tasks," edited by Jochen Bethkenhagen, DIW-WOCHENBERICHT, No 5/1981.

2. "Miners with Ambitious Targets, Minister Wolfgang Mitzinger Replies to Questions on the 1982 Plan," BERLINER ZEITUNG, 8 January 1982, p 3.

3. See W. Frohn: "More Motor Fuel and Chemical Raw Materials from Oil and Coal," Part II, WISSENSCHAFT UND FORTSCHRITT, No 10, 1982, pp 374 ff.

4. Collective of authors, "Reinhaltung der Luft" /Keeping the Air Free of Pollution7, Leipzig 1981, pp 96 and 236 ff.

5. See, for example, Federal Office for the Environment (publishers): "Luftverschmutzung durch Schwefeldioxid" /Air Pollution by Sulfur Dioxide7, Berlin 1980, p 9: GDR (1978) 4 million tons SO_2 per annum, FRG 3.6 million tons SO_2 per annum; and D. Moeller: "The Ratio of Man Made to Natural World Sulfur Emission," ZEITSCHRIFT FUER DIE GESAMTE HYGIENE, No 1, 1982, pp 11 ff.: GDR (1973/1975) 4.5 million tons SO_2 per annum and the same author: "Sulfur in the Atmosphere," WISSENSCHAFT UND FORTSCHRITT, No 11/1981, p 436: GDR (1973) 4.5 million tons SO_2 per annum, FRG 4 million tons SO_2 per annum; W. Gruhn, "Umweltpolitische Aspekte der DDR-Energiepolitik" /Environmental aspects of GDR Energy Policy7, Erlangen-Nuremberg 1982, pp 88 ff.

6. See H.F. Buck and B. Spindler: "GDR Air Pollution by Discharge of Pollutants. Causes and Consequences," DEUTSCHLAND ARCHIV 1982, No 9, pp 943 ff--here p 949; and "Handbuch Sozialistische Landeskultur, Umweltgestaltung und Umweltschutz" /Manual of Socialist Environmental Culture, Shaping and Protection of the Environment7, edited by E. and V. Neef, Leipzig 1977, p 252.

7. See G. Klepel, I. Wilsdorf, H. Mohry: "Effects on the Environment of the Primary Energy Structure and Conversion Technology," ENERGIETECHNIK, No 1/1976, pp 37 ff., and "Keeping the Air Free of Pollution," as before, p 88.

8. For example H. Brandt: "Importance and Prospects of Brown Coal in the GDR," ENERGIETECHNIK, No 6/1982, pp 205 ff.

9. We must point out that GDR sources sometimes also indicate poorer values both for total sulfur content and ash bonding, for example G. Klepel, I. Wilsdorf, H. Mohry op cit, p 43.

10. The DIW reported in 1980 about the increasing importance of carbon chemistry; see "GDR Chemical Industry," edited by Cord Schwartau, DIW-WOCHENBERICHT No 47/1980, pp 485 ff.

11. See "Great Collective Effort for Our Energy Program," FREIHEIT, 6 October 1981, p 3.

12. Calculated per capita, SO_2 emissions amounted to 236 kg in the GDR and 58 kg in the FRG. See B. Schaerer (editor): "Luftverschmutzung durch Schwefeldioxid" [Aid Pollution by Sulfur Dioxide], Berlin 1980, p 9.

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CSO: 5000/3010

GERMAN DEMOCRATIC REPUBLIC

BRIEFS

TRADE WITH MEXICO—Mexico City (ADN)—"Because it is an important center of world trade, Mexico has participated in the Leipzig Fair, since 1967. It has essentially contributed to constantly improving and deepening the diplomatic and trade relations between Mexico and the GDR in the past decade." This was declared by Manuel Armendariz, general director of the Mexican Institute for Foreign Trade (IMCE), and Roberto Friedrich, director for international trade promotion of the IMCE, in a talk with ADN in Mexico City. With this year's participation the IMCE wants to demonstrate its interest in further expanding trade relations with the GDR. "At the same time, the Leipzig Fari offers Mexico an outstanding possibility of intensifying its trade relations with the CEMA states and countries from all the world," the IMCE representatives stressed. The broad international participation has made possible for the Mexican delegation many important contacts with trade partners from Europe, Africa, Asia and even Latin America during the past decade. As is the case every year, the "Feria de Leipzig" will contribute toward further strengthening these relations. As a meeting place of world trade this year's fair will again be a platform of the people's demonstration of will for peace, detente and international cooperation. [Text] [AU141418 East Berlin NEUES DEUTSCHLAND in German 12-13 Mar 83 p 2]

CSO: 2300/182

FOREIGN TRADE DEVELOPMENTS NOTED

Veress on 1982 Foreign Trade

Budapest HETI VILAGGAZDASAG in Hungarian 26 Feb 83 pp 4-5

[Article based on speech by Foreign Trade Minister Peter Veress: "Weighing the Balance"]

> [Text] Foreign trade had to solve a dual task in 1982: fulfilling the contractual obligations we have taken on toward the socialist countries, and ensuring the amount of foreign currency the national economy needs by achieving the planned additional income in the dollar-accounted trade. Foreign Trade Minister Peter Veress reported on last year's achievements and problems of our foreign trade at a press conference on Tuesday this week.

"We have fulfilled without significant shortcomings our obligations toward the socialist countries. In our convertible accounting trade--considering the unfavorable foreign market circumstances--imports had to be limited by administrative action beginning with 1 September 1982. Due to the effect of measures taken during the year--in spite of the outside circumstances--we fulfilled our foreign-trade tasks, implemented the modified plan, and achieved a significant surplus in the convertible accounting merchandise trade. This contributed to maintaining the normal course of economic operation and to not developing any significant tensions in the standards of the population's supply," said Foreign Trade Minister Peter Veress in his statement to the press.

Foreign trade conducted with the Soviet Union and with the European CEMA countries continued to be definitive for the Hungarian national economy in 1982. Ruble-accounted exports with contractual parity, calculated at current prices, increased 7.4 percent, imports, 10.4 percent. Compared to 1981 as well as to the annual international agreements, the development of ruble-accounted trade was, in summary, favorable in a time period when the outside conditions of economic operation were developing disadvantageously for all socialist countries.

In convertible--nonruble-accounted--foreign trade, the modified plan made it necessary to achieve a significant foreign-trade surplus. At contractual parity--that is, not counting the transportation costs which are incurred--and at current prices, with the 9 percent increase in exports and 2 percent decrease of imports, a surplus of $733.4 million was achieved in 1982. The quantity of exports was the same as planned, while that of imports was significantly smaller. (Taking into consideration the actual payments made for transportation, the surplus was $516.8 million.)

In both main relationships the exchange rations developed unfavorably for Hungary. In ruble accounting, the price level of exported goods increased less than that of the import products. And in nonruble accounting, the price level of exported goods fell in comparison with 1981, while that of the imported items remained essentially at the same level. World market prices decreased for a significant portion of Hungarian export goods, the low prices of wheat, slaughtered poultry, beef, slaughter cattle, vegetable oil, nitrogen fertilizer and aluminum raw materials were especially unfavorable.

Basically we have succeeded in fulfilling the tasks defined in the 1982 record of merchandise trade with the CEMA countries. Trade with the Soviet Union increased about 12 percent at current prices and approached 7 billion rubles. Among the many types of export and import items, it is worth mentioning that the two poultry-raising facilities delivered to the Soviet Union and the already operating units of the two broiler factories are operating with outstanding efficiency. Preparations are in progress for delivering a broiler plant to Azerbaijan and a hog facility to Gruziya [Soviet Georgia], and introduction of the Hungarian corn production system is being discussed in the Ukraine. Delivery of themodern Soviet in-line picture tubes which will be used in the production of Hungarian colored television sets will begin in the future. An intergovernmental agreement deals with the reconstruction of two Soviet light industrial facilities with Hungarian cooperation; the general contractor is the Majus 1 [1 May] Clothing Factory [of Zalaegerszeg, Hungary].

Foreign trade with the European socialist countries developed in 1982 in accordance with our goals. We met the export projections, and there was a nearly 3 percent overfulfillment in imports. As far as exports are concerned, the largest increase--16 percent--was in the export of food production.

Imports from the European socialist countries were more than 10 percent higher last year than in 1981 and 3 percent higher than planned. The fact that last year all energy sources--coal, briquette, and natural gas--all arrived on time for the first time in a long time, is noteworthy.

Within the nonruble-accounted trade after 1981 the share of trade with developed capitalist countries also continued to decrease in 1982. The share of the developed capitalist countries in total Hungarian foreign trade is 30.4 percent in exports and 36.4 percent in imports. Total Hungarian exports to these countries in terms of forints at current prices in 1982 were 6.7 percent higher than in 1981, while imports from there were 7 percent lower. The trade deficit was 15.4 billion forints, or about $400 million. But calculated in dollars, the development of exports shows a less favorable picture: it was 1.3 percent smaller in 1982 than in 1981, and imports decreased by 12.9 percent. The difference in values calculated in forints and in dollars is explained by the strong fluctuations in exchange rates of the various foreign currencies among themselves and with respect to the forint.

Table 1. The Foreign Trade Balance

year	Ruble Accounting		Non Ruble Accounting		Total
	million rubles	million forints	million dollars	million forints	million forints
Balance at Contract Prices					
1979	-372.6	-12,197.2	- 91.2	-3,562.9	-15,760.1
1980	-506.0	-14,331.0	+ 221.9	+6,755.7	- 7,575.3
1981	-362.9	-10,245.3	+ 258.6	+8,519.8	- 1,725.5
1982	-567.5	-15,053.7	+ 733.4	+27,654.4	+12,600.7
Balance with consideration of actual freight costs					
1979	-451.4	-14,719.5	-280.0	-10,278.3	-24,997.8
1980	-611.8	-17,262.3	- 14.6	- 913.5	-18,175.8
1981	-501.3	-13,952.2	+ 42.2	+ 1,075.2	-12,877.0
1982	-692.4	-18,300.7	+516.8	+19,681.2	+ 1,380.5

The export-merchandise structure did not change significantly: the largest decrease was in the export of energy sources to the developed capitalist countries, since less merchandise was available for such purposes after meeting domestic demand. Metallurgy exports decreased nearly 5 percent, due mainly to the worldwide crisis of this branch. In the export of chemical materials, the increasing quantities did not bring significantly larger incomes: in this merchandise group, exports to the developed capitalist countries was about 5.5 percent larger than in 1981, thanks mainly to the export of pharmaceutical raw materials. One of the reasons for the decline of machinery exports is the decreased investment and consumer demand in the developed capitalist countries, but another reason must by all means be sought in the lack of competitiveness of Hungarian products. Among consumer goods, we succeeded in selling more only of refrigerators, washing machines and shoes than in 1981. Agriculture and the food industry increased its share in exports from 25.6 percent to 28.8 percent, and with this its exports to the developed capitalist countries were 8.8 percent greater than in 1981. In essence, we succeeded in selling the same amount of livestock and animal products as in the year before last, but the export of agricultural and food industrial products of vegetable origin to this group of countries increased significantly.

The structure of goods imported from the developed capitalist countries also remained practically unchanged: materials and spare parts make up about 70 percent, and machinery 20 percent. The import of all merchandise groups decreased, the largest decrease being in chemical industrial and light industrial raw materials.

Competition for the markets of the developing countries increased due to the world economic crisis dragging out. The sales difficulties of Hungarian products were also increased by the economic difficulties increasing in more than one of the oil-exporting countries, and because of this they changed to more subdued investment policies there, and some of them had liquidity and payment problems.

Hungary's trade with the developing countries also expanded in 1982 at a rate similar to that of previous years. Total exports increased 14.5 percent compared to 1981, from $993 million to $1.14 billion, while Hungary's imports increased 17.3 percent, from $643 million to $754 million, at contractual parity. Exports to the developing countries approached 12 percent of total Hungarian exports compared with 10.5 percent in 1981, and the import ratio to total Hungarian imports was 9 percent, as against only 7.5 percent in 1981.

The Asian Arab countries continued to be the main markets of Hungary's exports to the developing countries, their share exceeding 40 percent. It is noteworthy that the role of theMiddle and Far Eastern developing countries increased in Hungary's exports, and their share exceeds 25 percent, in contrast with 20 percent in 1981.

"The foreign market situation of 1983--even though self-confident prognoses come to see daylight in some places--does not promise to be more favorable than last year. Our main tasks are: complete fulfillment of the obligations we accepted toward the socialist countries, as well as in the interest of ensuring our paying ability, achieving a significant surplus in merchandise trade with convertible accounting--primarily by increasing exports,"--foreign trade minister Peter Veress emphasized at the press conference dealing with this year's goals.

Table 2. Hungary's Foreign Trade with the More Important Countries in 1982

Order '81	Order '82	Country	Total million	Imports million forints	Imports 1981 %	Imports order '82	Imports order '81	Exports million forints	Exports 1981 %	Exports order '82	Exports order '81	Balance million forints
1.	1.	Soviet Union	204,564.3	95,799.3	106.5	1.	1.	108,765.0	108.7	1.	1.	+12,965.7
2.	2.	FRG	59,443.4	36,157.8	96.9	2.	2.	23,285.6	89.3	2.	2.	-12,872.2
3.	3.	GDR	42,093.2	22,229.4	105.3	3.	3.	19,863.8	96.0	3.	3.	- 2,365.6
4.	4.	Czechoslovakia	35,100.0	17,087.0	111.2	4.	5.	18,013.0	99.9	4.	4.	+ 926.0
5.	5.	Austria	28,393.9	16,143.0	88.2	5.	4.	12,250.9	94.0	5.	5.	- 3,892.1
6.	6.	Poland	24,804.7	12,642.6	119.6	6.	6.	12,162.1	120.2	6.	6.	- 480.5
7.	8.	Yugoslavia	20,768.5	9,989.0	108.0	7.	8.	10,779.5	108.6	8.	7.	+ 790.5
8.	7.	Italy	19,851.7	8,788.8	93.2	9.	7.	11,062.9	112.8	7.	8.	+ 2,274.1
9.	15.	Iran	17,056.3	8,826.8	203.3	8.	17.	8,229.5	190.4	10.	15.	- 597.3
10.	9.	United States	12,081.0	6,977.4	88.3	13.	10.	5,103.6	110.2	12.	12.	- 1,873.8
11.	10.	France	12,068.3	7,192.9	92.5	10.	11.	4,875.4	103.7	14.	11.	- 2,317.5
12.	11.	Rumania	11,448.2	6,348.7	100.5	15.	14.	5,099.5	83.9	13.	10.	- 1,249.2
13.	12.	Switzerland	11,401.3	7,105.3	93.9	12.	12.	4,296.0	95.2	1.5	13.	- 2,809.3
14.	18.	Iraq	10,130.2	121.4	136.1	*	*	10,008.8	133.7	9.	9.	+ 9,887.4
15.	*	Libya	10,103.8	7,110.7	**	11.	*	2,993.1	88.7	18.	16.	- 4,117.6
16.	16.	Bulgaria	9,777.9	4,542.0	109.6	17.	19.	5,235.9	117.2	11.	14.	+ 693.9
17.	13.	United Kingdom	9,477.1	6,569.3	92.2	14.	13.	2,907.8	99.3	19.	18.	- 3,661.5
18.	17.	Holland	7,784.0	4,410.6	84.1	18.	15.	3,373.4	101.3	17.	17.	- 1,037.2
19.	14.	Brazil	6,675.6	6,285.0	72.5	16.	9.	390.6	41.0	*	*	- 5,894.4
20.	19.	Sweden	6,055.2	3,748.6	90.0	20.	18.	2,306.6	98.2	*	20.	- 1,442.0

Note: * is not among the first 20; ** there was no appreciable trade in the previous year. Data are always at the official foreign currency exchange rates, at border parity, and taking into account the precalculated transportation costs. Source: KSH [Central Statistical Office].

Table 3. The Merchandise Structure of Hungary's Foreign Trade in 1982.

Merchandise Group	Ruble Accounted	Nonruble	Total	Ruble Accounted	Nonruble	Total
	Million forints			Previous year = 100		
Exports						
Energy sources, electrical energy	1,100.6	18,042.4	19,143.0	115.5	161.3	157.7
Materials, semi-finished products, spare parts	32,318.2	55,975.0	88,293.2	101.5	99.3	100.1
Machinery, transportation equipment, miscellaneous investment goods	60,014.1	27,240.6	87,254.7	108.2	133.9	115.1
Industrial consumer goods	26,243.9	22.901.6	49,145.5	113.0	93.5	103.0
Food industrial materials, livestock, foodstuffs	21,748.1	58,901.6	80,649.7	108.0	106.4	106.8
Total	141,424.9	183,061.2	324,486.1	107.4	109.1	108.4
Imports						
Energy sources, electrical energy	47,621.0	17,071.1	64,692.1	119.2	224.7	136.1
Materials, semi-finished products, spare parts	54,495.8	95,711.4	150,207.2	107.5	92.7	97.6
Machinery, transportation equipment, miscellaneous investment goods	34,655.0	23,125.2	57,780.2	107.7	100.5	104.7
Industrial consumer goods	16,494.6	12,913.9	29,408.5	106.2	95.0	101.0
Food industrial materials, livestock, foodstuffs	5,382.2	17,348.5	22,730.7	101.2	74.7	79.7
Total	158,648.6	166,170.1	324,818.7	110.4	97.4	103.4

Note: Data are always at the official foreign-currency exchange rates, at border parity, and taking into account the precalculated transportation costs. Source: KSH.

Hungarian-Soviet Trade for 1983

Budapest HETI VILAGGAZDASAG in Hungarian 19 Feb 83 p 7

[Newsbrief under "Seven Days on the Telex": "Hungarian-Soviet Trade"]

[Text] Last year, products worth 7.5 billion rubles changed owners in Hungarian-Soviet trade, and this year--according to the record signed in January--the value of bilateral deliveries will even exceed 8 billion rubles. According to the information furnished last week by the Soviet trade mission in Budapest, the Soviet Union will primarily supply Hungary with raw and heating materials: they will fulfill 90 percent of Hungary's import needs for petroleum, 95 percent of the natural gas and 93 percent of the iron ore requirements. A significant portion of Soviet exports is composed of energy-related equipment, passenger cars and machine tools. Last year Hungary supplied equipment needed by Soviet agricultural facilities, and food, in the value of 1.25 billion rubles. The Soviet Union paid in convertible currency for a portion of this latter, which contributed to Hungary's convertible-accounting foreign-trade balance showing a surplus.

At the press conference organized on the occasion of the 35th anniversary of the Soviet-Hungarian Friendship and Mutual Assistance Pact, Deputy Advisor Y.F. Sheika talked about the cooperation already established in the manufacturing of passenger cars and buses, and in the process of developing within the framework of the reconstruction projects in the Soviet light and food industries. He did not rule out the possibility that the Soviet Union might deliver more than the 25,000 Lada automobiles per year specified in the 5-year trade agreement. He added: "The possibility of Hungarian cooperation in the manufacture of the Moskvich [automobile] is being investigated--through this the Soviet automobile exports to Hungary could possibly be increased." He said that Hungary's demand for Soviet electrical household products is larger than they can meet, but even so the export of these items will be increased 4 to 5 percent. He reported that a Soviet trade and technology center will soon open in Budapest.

8584
CSO: 2500/159

NEW INSTITUTION ESTABLISHED FOR FINANCING INNOVATION

Budapest FIGYELO in Hungarian 3 Mar 83 p 7

[Text] During the second quarter of the year a new financial institution known as the Financial Association for Technical Development (MFPE, Muszaki Fejlesztesi Penzugyi Egyesules) will go into operation. It has been jointly established by the National Technical Development Committee and State Development Bank each of which are to contribute 50 percent of its capital. By its third year, the new institution expects to have capital stock in the amount of 600 million forints and operating funds 20 million forints. The undertaking will operate as part of the Hungarian banking system and employ a staff of 18-25 persons.

According to Mrs Sandor Temesi, department director of the State Development Bank, the goal of the Association is to promote innovative processes in the economy, react flexibly to business initiatives, assist moves to conserve energy and materiel, advance competitiveness on the world market and help in the evolution of a higher-grade product structure. It must provide funds for innovative undertakings which are useful to the economy, increase foreign exchange income, and replace imports in a cost effective manner.

The task is to support such undertakings all the way from initial technical development through the ultimate sales phase. Financing will be provided not only through bank transactions of the MFPE: it will mobilize its own resources but also the development sources of other business organizations and have access to funds from other financial institutions and budgetary organs. The MFPE will coordinate fund acquisition and utilization. It will undertake financing jointly with project initiators. This may happen when it takes part in some move to conserve energy.

The MFPE aims at establishment of a broad sphere of activity. For instance, it pays the cost of research and development, purchase of licences and know-how, research and development type investments and investments in production equipment linked to the foregoing. It favors activation of domestic intellectual sources, technical development based on domestic research.

The MFPE is profit oriented and grants credit only if there are assured sales prospects and superior results are anticipated as a result of the innovation. It accedes to the opinion of the National Technical Development Committee in assessing the extent to which the innovation accords with over-all development policies. However, before arriving at a decision, it considers the technical and economic utility of the projects as well as their marketability.

The MFPE is at the service of all business organizations regardless of size, including cooperatives and research sites which promise marketable achievements.

CSO: 2500/191

WESTERN PRESS PROMPTS EXPLANATION ON NUMBERED BANK ACCOUNTS

Budapest OTLET 83 in Hungarian 17 Feb 83, p 10

/Article by Zsuzsa Lang: "Secret Foreign Currency Choice"/

> /Text/ Various Western papers have recently reported as a sensation that since January the National Savings Bank has been trying to lure foreign money to Hungary. The item is true except that it needs some complement and correction. Notably, the device called "the latest Hungarian experiment" has had precedents at the National Savings Bank since 1969. However the favorable conditions that had benefited exclusively foreigners, are since 1 January operative also in case of Hungarians in possession of foreign currency accounts. What is true is true. One new year's day an amendment of the Hungarian National Bank's statement ruling foreign exchange accounts went into effect. Much has changed this year, and there is more and more talk about the fact that henceforth not only the Swiss banks maintain total secrecy, but also the National Savings Bank protects the secrecy of deposits (and depositors) for ever.

For an easier orientation it is perhaps worthwhile to recapitulate briefly the changes involved in this new arrangement. The National Savings Bank has been handling the foreign currency deposits and accounts of both Hungarians and foreign nationals for almost 15 years. According to a 1974 Finance Ministry decree, certain of our nationals, those who had the right to dispose freely of their foreign currency, could deposit their foreign money in specific accounts opened in their names. These were those who received foreign currency as per diem, stipend, wage for work done abroad, income from guest performance abroad, and all those who were recipients of author's royalty, proceeds of intellectual products sold abroad, money received for the export of applied and fine art creations, as well as honorariums, awards, legal fees, and salaries for work done in Hungary for a foreign account.

Until 1 January 1983 the National Savings Bank paid the same interest on foreign exchange accounts of Hungarian nationals as it did on forint deposits, i.e. two percent on deposits on sight and five percent on accounts fixed for at least one year.

Previously, the interest rate of foreign currency accounts of foreign nationals was established according to the average interest rate prevailing on the world market. The National Savings Bank adjusted the interest rates to the changes every 6 months. This system however did not guarantee stability. Between June and December and between December and June it could not flexibly follow the fluctuation of the interests.

The crux of the reform of foreign exchange accounts is that since 1 January the accounts of Hungarian nationals also yield foreign currency interest. The interest rate on deposits on sight remains at two percent, but on accounts non-demandable for at least 1 year it will be established by the Hungarian National Bank in consideration of the rates prevailing on the international money market and according to the practice applied by foreign savings banks to deposits of similar duration. One important change is that only foreign currency exceeding 20,000 forints in value can be deposited in such long term deposits.

Thus the change can also be summed up in this way: the difference between the handling of foreign and domestic foreign currency accounts disappears. What remains unchanged is the secrecy of the accounts, since this was guaranteed by the National Savings Bank from the very outset, and also that the owners of the accounts can choose the foreign currency and change it at will.

The interest rate on foreign exchange accounts also depends significantly on the chosen foreign exchange. In agreement with international practice, the National Savings Bank establishes lower interest rates on deposits of foreign currencies of relatively stable rates of exchange, and pays higher interest on foreign moneys which tend to fluctuate or fall, using the guidelines for foreign exchange management of the Hungarian National Bank as a basis.

The changes in the interest rates will be hencforth revised monthly, instead of semiannually by the National Savings Bank. The National Savings Bank currently has a record 65,000-66,000 owners of foreign exchange accounts. There might be among them--and it is even on record that there are--some whose deposits run to six digits, but the majority has more modest accounts to deal with. For the latter, i.e. for those whose deposits do not exceed 20,000 forints, the January change does not bring much practical advantage, just as the new decree according to which each Hungarian citizen can possess convertible foreign currency up to the value of 2,000 forints does not change the composition of the group entitled to open a foreign exchange account.

The latter fact requires a commentary. The stock of legal convertible foreign currency held by the population could make a significant amount of deposits for the National Savings Bank. It would represent a substantial sum of negotiable legal tender that would be welcome in our world in dire need of foreign currency. The argument that ultimately defeated the idea of opening new foreign currency accounts is, to put it mildly, questionable. The objection namely is that after people have deposited the foreign currency kept by them at home, there would be another legal possibility to keep foreign exchange up to a value of 2,000 forint "at home" and it would so go on indefinitely. In response let us ask only one question--that arises spontaneously--according to the decree in question people can spend their foreign currency in specially earmarked shops. But after such purchases could they not keep again a similar amount of foreign exchange in their drawers?

The 1 January 1983 interest rates on convertible, non-demand deposits for one year:

U.S. dollar	USD	9 percent
West German mark	DEM	6 percent
Swiss franc	CHF	4 percent
English pound	GBP	10 percent
Austrian schilling	ATS	5.3
Belgian franc	BEF	11.3
Australian dollar	AUD	11 percent
Canadian dollar	CAD	10 percent
Danish crown	DKK	12.3/4 percent
Dutch guilder	NLG	5 percent
French franc	FRF	14 percent
Japanese yen	JPY	6.½ percent
Kuwaiti dollar	KWD	7.3/4 percent

An excerpt from the TREND magazine

The January issue of the Austrian magazine TREND publishes a two-page report about the advantageous conditions by which the National Savings Bank "lures" foreign currency to Hungary. Among other things the article emphasizes the attractiveness of absolute secrecy, i.e. that in many cases not even the employees of the National Savings Bank know the identity of the account holders. For them there is only one decisive proof and that is the signature. Another attractive feature of the National Savings Bank's offer is that the interest rates are higher in Hungary than in the "motherlands" of certain foreign currencies. For example, in Austria the financial institutions are paying between 6.5 and 7 percent interest on 1-year, non-demand accounts, while in Budapest the interest rate is 9.5 percent. The domestic yield of the Swiss franc is 3.5 percent, while the National Savings Bank pays 6.5 percent. The interest rate on the English pound is 10.5 percent in Great Britain, and that of the dollar 9.5 percent in the United States, as compared to 13.5 percent these currencies yeild in Budapest.

But the National Savings Bank is generous not only with respect to the interest rates. It does not charge a handling fee (except for transfers abroad), the interest is exempt of taxes, and in case of death the heirs do not pay inheritance tax.

The BC (Domestic Clearing) Sorrow

The new decree that benefits the owners of foreign exchange accounts does not involve the so-called BC (Domestic Clearing) holders. The conditions for accounts provided by foreigners in convertible foreign exchange destined to cover the travel expenses of Hungarian nationals abroad have remained unchanged. The BE (Domestic Clearing) term, and above all what people think about it, does not entirely agree with reality. The BC continues to serve uniquely one purpose, namely that Hungarian nationals can use the foreign currency deposited in such accounts without any special permission, can spend or bring back the money without any time limit. This money cannot be spent in Hungary.

CSO: 2500/152

SMALL BUSINESSES NEEDED, CO-OP CHARACTER EMPHASIZED

Budapest NEPSZABADSAG in Hungarian 25 Feb 83 p 3

[Article by Pal Gulyas: "What the New Co-op Forms Have to Offer"]

[Text] We have given the collective name of "small business" to those new organizational forms which appeared last year in our economic life and began to grow. The majority began to operate in the framework of long-standing enterprises and cooperatives. Because the period since their inception has been so short--one year or perhaps half a year or even a few months--it is impossible to say definitely how well they have met expectations. However, it is certain that the small businesses have had noteworthy effects on society.

Although the implications for continued healthy growth are only now becoming apparent, we can already find some useful lessons. The observations made at enterprises as well as at cooperatives are good material. Cooperatives have long been considered active, flexible economic forms, and due to their small or medium size are known to respond to changing circumstances and market conditions more quickly and effectively; thus their input is very important.

Small Businesses Are Necessary

Yet this characterization of cooperatives is questionable. For instance, we rightly label the agricultural cooperatives as large businesses because their average area is around 4,000 hectares, and they have other qualities similar to large businesses. This comparison also applies to the consumer cooperatives, the majority of which maintain many stores, warehouses, restaurants, inns and catering establishments in a small area, assist in small agricultural production and perform varied industrial activities. The majority of industrial cooperatives, can be described as small or medium sized, but a few are fairly large. However, the meritorious production results of today's cooperatives are neither entirely, nor primarily, due to their size. It is also undeniable that the advantages which characterize the small businesses are necessary to the operation of the cooperatives.

One fact attests to the scope of this last observation: last year, several hundred special groups, business work partnerships and fixed-rate divisions were created in the agricultural and industrial cooperatives. Besides creating special groups, the general consumer and marketing cooperatives used business contracts to operate their hospitality establishments and stores. All these small enterprises are now parts of the cooperatives, not separate entities. Their goal is to awaken the inexplicably dormant tendency towards initiative and entrepreneurship, which also serves the common good: to promote better work and the production of better quality goods with less expenditure; and to streamline production and the satisfaction of the demands of consumers.

Based on its initial observations, the National Cooperatives Council recently debated how the development of these new organizations can be promoted. Naturally, it was kept in mind that the small businesses should work as a complement to, and not a replacement of, the parent cooperatives. However, this does not mean that any small business can be bound hand and foot by prohibitive regulations or unnecessary management burdens. There is a real danger that some cooperative directors will be antagonistic toward all forms and solutions which differ slightly from the usual. Often this is underscored by their tendency to expect identical conditions for the oeprations of the cooperative and of the new organizational entities.

A Few Examples

If we agreed with this incorrect analysis of the equality of conditions, then some new forms could never have been created. For instance, the numerous producer cooperatives might never rent their special groups those stables, greenhouses, tractors, or freight vehicles which the large industry no longer used or could only operate at a loss. The special group, however, might use these capital goods economically, pay rent for them to the cooperative and naturally still achieve a proportional, well-deserved income through their work and production.

The fixed-rate divisions that have arisen in the service industry cooperatives have become popular and show promising results because their operating conditions make this possible. These divisions produce an equal or greater production value and profit with fewer workers than before. The consumer or contractor is satisfied with services, and the co-ops like the fact that if they work better and longer, their income grows.

The contractual operation in the consumer cooperatives branch is the best example of the fact that the new business forms can be successful only if they are placed in the proper context and if the applicable regulations allow for the development of common interests. The results to date show that under a contractual business operation labor management, like state commerce, has become more rational, expenditures have dropped, profits have at least doubled, product selection has improved and expanded and the service has become more cultured and polite.

The favorable changes due to the new business forms--listed or not--do not diminish the role or meaning of traditional cooperative activity. Naturally, the small businesses could not fulfill the essential services of the large agricultural cooperatives, the industrial cooperatives or the general consumer and marketing cooperatives. They are intended only to revitalize the cooperatives and make them better able to meet their tasks. We must not be afraid that the new forms will compete in some measure with the old ones; they will induct the cooperatives to perfect leadership and organization, reduce red tape and eliminate inflexibilities.

It could be made more apparent to the proper authorities that even in the cooperatives, income regulation does not work adequately and suffer some adverse effects. The tension between workers in the small businesses and workers in other sectors of the cooperatives is largely due to differing income opportunities. Obviously, in an ideal situation both groups of workers would receive part of their income to proportion to their output.

Not Foreign Entities

It is hoped what the lessons and problems sketched above will give us a sense that there is still much to think about and perfect in the operation of small businesses in the cooperative field. At the above-mentioned national conference, many other observations were also made; for example, the legal procedures for establishing such businesses are difficult; the accounting system of these forms is too complicated; the regulations concerning income tax calculation are laborious; and adjustment to the pricing specifications, is difficult. The entrepreneurial spirit does not meet with appropriate credit opportunities. Tasks that have a high wage-output ratio and require much labor--for instance, consumer services--do not have adequate incentives in the present framework of income regulation.

It would be too long to list all the observations and criticisms of this nature. They most certainly help refine the legal and economic regulation of the small businesses. The goal of small businesses is, on the one hand, to cover important needs as they are able to and, on the other hand, to increase the economy and operation of the cooperatives by injecting fresh ideas. Meanwhile, they serve to strengthen the cooperative character of these organizations.

9890
CSO: 2400/151

FULFILLMENT OF SOCIOECONOMIC PLAN IN 1982 REPORTED

Warsaw DOCUMENTS AND MATERIALS in English No 4/27, 1983 pp 37-71

[Text] Communique of the Main Statistical Office on Poland's Socio-Economic Situation in 1982

Towards the end of 1981 the Polish national economy was on the brink of a collapse. This was evidenced by a fast growth of downward trends in material production, breaking of cooperation ties, drop of export, aggravation of payments difficulties and disorganization of the domestic market. The economic crisis was made even more acute by growing social tensions.

The proclamation of martial law allowed for checking the destructive processes in the economy and provided conditions for putting the socio-economic life in order and boosting production.

The restoration of the economic equilibrium was to a great degree hampered by the unfavourable payments situation and the economic restrictions, especially credit limitations imposed on Poland by certain western countries, the USA in particular.

Economic cooperation with the CEMA countries and particularly easy-term loans granted to us by the USSR in the years 1981 and 1982, exerted a positive influence on the country's economic situation.

Throughout 1982 the economic phenomena and processes shaped in a differentiated way and as time went by--gradual improvement of the situation occurred in many sections.

Since the beginning of the year the output of the mining industries exceeded the 1981 figures. Higher output of coal and other raw materials created more favourable conditions for the production of the processing industries, while increased exports of those raw materials counteracted a further deterioration of imported supplies for the economy. The checking of downward trends in the processing industries was not as fast owing mainly to the shortage of raw and intermediate materials. In effect only beginning with last September the level of production of the processing industries was higher than the one achieved in the corresponding months of the previous year, while the effects of this were not sufficiently tangible especially in the sphere of market supplies.

On the scale of the entire socialized industry sold production started to grow as compared with the corresponding months of the previous year starting from August 1982. In spite of the gradual improvement of the situation the production of the socialized industry in 1982 was below the 1981 level.

The value of sold production per one employee of the socialized industry started to grow as compared with the corresponding months of the previous year since May 1982 and over the whole year was higher than in 1981.

The overall agricultural production was lower than in 1981. In plant production the drought negatively affected the root plant yields and harvest, especially potatoes and feed crops. Grain harvest was better than in 1981 and in the years 1976-80. In animal production, livestock purchases were much the same as in the previous year. At the same time, due to the disadvantageous feed situation tendencies appeared in certain farms of limiting livestock breeding and a drop of the basic herd, pigs in particular. Those unfavourable changes in livestock breeding slowed down slightly towards the end of the year.

The building industry saw a general drop of production in 1982, which was largely due to the planned curtailment of the investment front. The degree of the fulfillment of the tasks of the building industry was low. The fourth quarter of 1982 saw some improvement and in comparison with the corresponding period of the previous year the building and assembly production was higher.

The situation in foreign trade varied. Thanks to loans granted to us by the socialist countries, the USSR in particular, 1982 continued to witness the excess of imports over exports. In trade with the capitalist countries for the first time in many years higher exports than imports were recorded.

A drop of production in the basic economic sectors and lack of progress in economic effectiveness caused that 1982 was the successive year of decline of the national income generated, though as compared with the corresponding period of the previous year the drop in the national income was much smaller in the latter half of 1982 than in the first half.

The national income for distribution declined more sharply than the national income generated, with the drop of investment outlays exceeding that of consumption. For the first time in ten years the level of the national income for distribution was lower than the level of the national income generated.

Nineteen eight-two saw a decline of real incomes and wages, a consequence of the drop of material production and imports. At the same time, there occurred a considerable growth of non-wage benefits aimed at alleviating the difficult situation of families in the lower income bracket through partial compensation for the growth of the cost of living.

In spite of the general drop of market commodity supplies, the deliveries of basic foods and toiletries allowed for covering the needs stemming from the rationing system. There also occurred an improvement as concerns basic commodities, foods in particular. The supplies of goods outside the rationing system especially of non-food origin failed to cover the needs but in certain sectors falling within the operational programmes the situation improved slightly as compared with 1981.

Despite a considerable rise of retail prices in 1982 the money-market equilibrium failed to be restored. This was influenced by the too small growth of production of market commodities and the growth of the population's nominal incomes, especially the growth of wages not fully justified by the production effects. During the first six months the growth of retail prices alleviated the imbalance on the domestic market. In the latter half and especially in the fourth quarter of last year there appeared an opposite tendency, sparked off by the renewed acceleration of the rate of growth of the population's money incomes.

Nineteen eighty-two was the first year of the introduction of the economic reform. The introduction of the economic mechanisms and the reform of prices led to making the economic calculus sounder and partially improved the financial situation of enterprises. However, in the considerable number of enterprises improvement occurred in effect of increased prices of products and services rather than growth of labour productivity and cutting the cost of production.

In spite of the fact that 1982 saw a drop of production in a number of sectors and the process of restoring economic balance was very difficult, the developments in the successive months indicate that processes of weathering the crisis have been initiated.

The basic indices characterizing Poland's socio-economic situation in 1982 were as follows:

Specification	Index 1981 = 100
National income generated /fixed prices/	92
Gross value of fixed assets /fixed prices/	102
Personal wages and compensations	144
Average monthly pay	151
Per capita consumption of material goods /fixed prices/	87
Population's money reserves	138
of which: cash	152
Retail sales of goods /fixed prices	83
foods	84

alcoholic beverages	102
non-food articles	79
Commodity exports /fixed prices/	109
Commodity imports /fixed prices/	84
Investment outlays in socialized economy /fixed prices/	81
Sold production in socialized industry /fixed prices/	98
Per capita sold production in socialized industry /fixed prices/	104
Basic production of socialized construction-assembly enterprises /fixed prices/	94
Basic production per one employee of socialized building-assembly enterprises /fixed prices/	101
Total agricultural production /fixed prices/	96
plant	97
animal	94
Purchases of agricultural produce /fixed prices/	104
Goods transport by socialized transport enterprises	88
Socialized public transport	99
Employment in socialized economy	96
Flats commissioned	99
in socialized economy	92
in non-socialized economy	121

National Income

As of 1979, Poland's national income started to decrease. Its drop in 1979 was 2 percent, in 1980—6 percent and in 1981—12 percent. Nineteen eighty-two witnessed further decline in the national income by ca 8 percent and as compared with 1978 the national income went down by more than 25 percent. The national income generated outside agriculture in 1982 was by ca 8 percent lower and in the first six months it was lower by 11-12 percent as compared with the first six months of 1981, while in the latter half of the year--by some 7 percent.

Net industrial production dived by ca 6 percent. The larger decrease of net production than sold production was due to a growing depreciation, which in view of the increase of fixed assets occurred indepently of the volume of production and due to the increased per unit costs. This was, among other things, owed to increased cooperation turnover, relatively big energy consumption, relative durability of certain other elements of material costs and the inter-branch changes in the structure of production leading to a decrease of the share of production of lower material intensiveness.

Overall agricultural production decreased by 4.5 percent and net production--by 3 percent; ancillary production and agricultural services went down considerably.

In view of the growth of the volume of export and a drop in imports in 1982 the national income for distribution decreased more than the national income generated. The excess of commodity and service imports over their exports started to diminish since 1977, but it was for the first time only in 1982 that the volume of exports exceeded the volume of imports.

The national income for distribution went down in 1982 ca by 12 percent as compared with 1981.

The consumption of material goods from personal incomes of the population was in 1982--as compared with 1981--lower by ca 15 percent. The remaining consumption embracing, among other things, the consumption of material goods in sectors servicing the population such as health protection, culture, education, etc., rose slightly as compared with 1981.

Industry

Nineteen eighty-two saw a gradual slow-down of the drop of production in relation to the corresponding months of 1981. In the first quarter of 1982 production sold in the socialized industry /in fixed sales prices/ was by 11 percent lower as compared with the corresponding period of the previous year, including the 14 percent drop in January. In the second quarter the sold production was by 4 percent lower. A gradual growth of production occurred since August 1982. In the third quarter of last year the production was higher--as compared with the third quarter of the previous year--by 1 percent and in the fourth quarter--by 7 percent.

On the scale of the whole 1982 production sold in the socialized industry was lower than that implemented in 1981 by 2 percent. The mining industries recorded an 11 percent growth of production, while in the processing industries the sold production was lower by 3 percent.

In 1980 the drop of sold industrial production was by 1 percent lower in comparison with the previous year, in 1981--by 14 percent and in 1982--by 2 percent. As compared with 1979 the production sold in 1982 recorded a 16 percent drop.

Already the first months of the year saw positive changes in the mining industries, especially in coal mining, where the output was much higher than in the previous year. Due to this and also space with restoring cooperation links and improved supplies of raw and intermediate materials in certain branches there occurred a gradual boost of production in the processing industries. Branches heavily dependent on imports from the capitalist countries were the last to record an improvement.

The 1982-achieved production results were adversely affected by the difficulties in imported supplies of raw and intermediate materials caused mainly by the economic restrictions of the capitalist countries. On the other hand, increased supplies from the socialist countries and service processing of raw materials from those countries in the light industry exerted a positive influence. Part of that production went for the domestic market. To improve industrial supplies, production of fungible imported semi-finished products was launched

On the scale of the whole year a growth of production in the coal, power, fuel, non-ferrous metal, machine, precision, glass, ceramics, paper, clothing and printing industries were recorded. The production of the metallurgical electroengineering, electronic, timber and textile industries was smaller as compared with 1981. The small-scale industry's output was by 3 percent bigger than in 1981. The share of the small-scale industry in the socialized industry output was 5.4 percent.

The production of certain major commodities was as follows:

		1982		1981
		In Absolute Figures	Index	
Product	Unit		1981 = 100	1980 = 100
Hard coal	m t.	189.3	116.1	84.4
Lignite	m t.	37.6	105.7	96.6
Natural gas	m m^3	5,533	89.7	97.5
Petroleum products	thous.t.	13,383	98.5	84.2
Electrical energy	bill.kWh	117.6	102.2	94.4
Raw steel	m t.	14.5	92.1	80.7
Rolled products	m t.	10.5	94.7	81.6
Electrolytic copper	thous.t.	348.0	106.4	91.6
Aluminium	thous.t.	42.7	64.7	69.4

Lead	thous.t.	78.8	114.4	84.1
Zinc	thous.t.	165.4	98.9	76.8
Metal working machine tools	t.	33.538	104.4	85.3
Plastic metal working machines	t.	7,699	81.2	71.4
Electric Rotary machines	thous.pcs.	10,830	94.3	93.1
Semi-conductor elements	thous.pcs.	178,323	94.7	71.8
Farm machinery and tools	bill.zl.[a/]	20,879	122.7	92.1
Cars: passenger	thous.pcs.	229.1	95.5	68.3
lorries	thous.pcs.	37.8	88.5	79.5
Agricultural tractors	thous.pcs.	53.0	104.9	87.8
Sea-going vessels /from 100 DWT/	thous.DWT	358.3	111.3	82.1
Electric acid batteries	thous.pcs.	2,417	108.9	99.9
Household electric washing machines and spinners	thous.pcs.	624.6	87.7	88.1
of which automatic	thous.pcs.	233.2	75.3	86.1
Household refrigerators and freezers	thous.pcs.	509.4	92.0	79.8
Radio sets /complete/	thous.pcs.	2,175	77.7	103.8
TV sets	thous.pcs.	576.5	75.4	85.0
Tape recorders	thous.pcs.	372.5	65.6	70.5
Sulphur in terms of 100%	thous.t.	4,920	103.1	92.4
Fertilizers /in terms of pure component/	thous.t.	2,283	101.9	100.2
Plastics	thous.t.	438.5	92.1	86.7
Synthetic rubber /excl. latexes/	thous.t.	85.5	87.4	95.5
Chemical fibres	thous.t.	201.1	98.2	79.8

Pharmaceuticals	m.zl.	16,283	104.0	97.1
Soap and detergents	thous.t.	323.3	113.0	97.5
Tyres /total	thous.pcs.	5,693	84.3	77.6
of which for tractors	thous.pcs.	710.0	108.0	84.9
Cement	m t.	16.0	112.7	77.2
Wall elements /in terms of full bricks/[b]	bill.bricks	6.9	101.2	85.6
Sawn timber	thous. m^3	6,020	93.0	87.2
Hardboards	m m^2	111.9	111.2	86.9
Chipboards	thous. m^3	942.2	104.2	96.1
Furniture	bill. zl[a]	37.1	96.0	93.8
Paper	thous. t.	966.3	106.2	88.0
Cardboard	thous. t.	214.7	100.0	88.1
Fabrics: cotton and cotton-like	m m.	693.1	87.9	89.2
wool and wool-like	m m.	91.3	86.0	87.7
silk and silk-like	m m.	127.7	89.6	87.3
Knitwear	m pcs.	299.2	88.9	90.1
Footwear /excl. rubber/	m pairs	126.4	100.1	89.8
of which: leather and synthetic leather	m pairs	86.6	97.7	88.8
Meats and fats /excl. on-farm slaughter	thous.t.	1,849	99.7	75.4
Sea fish /catches/	thous.t.	579.2	90.2	81.2
Butter	thous.t.	224.4	101.2	87.7
Sugar /campaign/	thous. t.	1,840	106.8	165.1
Edible vegetable fats	thous.t.	269.1	89.9	108.7
Cigarettes	bill.pcs.	87.5	105.4	88.8
Feed mixed	thous.t.	5,686	66.5	87.8

[a] Fixed prices, [b] Excluding production of industrial plants in non-commercial enterprises, teams of agricultural workers and handicrafts.

A high level of hard coal output was maintained throughout the whole year. Increased coal extraction allowed for meeting the demand of domestic customers, gradual increase of exports and accumulation of adequate reserves.

The production of i.a., raw steel, chemical fibres and paper was increasing systematically throughout 1982. The third and fourth quarters of that year saw increased processing of petroleum and growth of production of artificial fertilizers. The fourth quarter of 1982 saw increased production of the following items as compared with the first quarter of that year: metal working machine tools, agricultural machinery and tools, refrigerators and freezers, passenger cars, TV sets, plastics, tyres, soaps and detergents, footwear. In spite of the achieved progress towards the end of the year production of many commodities, especially those important for market supplies, was on a still lower level than in the previous year.

The priority granted by the operational programme in obtaining raw and intermediate materials allowed for increasing the production of the majority of commodities embraced by those programmes, which contributed to improving the meeting of the most important needs of the population and the national economy.

The production of electrical energy was by 2.2 percent higher than in 1981, and consumption--by 0.6 percent, private recipients using 2.1 percent more energy and industrial use being decreased by 0.3 percent which, given lower production, means a growth of its energy intensiveness.

Nineteen hundred eighty-two saw a deterioration of the quality of industrial production. The number of goods quality market "Q" and "1" dropped from 26.9 thousand in 1981 to 20.8 thousand at the end of the 1982.

The average employment in socialized industry in 1982 was 4,487 thousand, and as compared with 1981 went down by 251 thousand, or, by 5.3 percent, and in December as compared with December 1981—by 215 thousand, i.e., 4.6 percent. Cuts in employment occurred in enterprises of the majority of industrial branches except for the coal-mining and power industries. Especially tangible drop of employment took place in the textile industry and also in iron metallurgy, metal-working industry, transport, electrotechnical and electronics industries and in leather industry.

Reduced employment is mainly due to early retirement. Difficulties in acquiring new employees led to a limitation of employment on the third shift or its liquidation, especially in the textile industry.

The value of sold production per one employee in 1982 was by 4 percent higher than in 1981, which was mainly connected with the lowering of the level of employment. As compared with 1979 the sold production per one employee decreased by 10 percent.

To boost production in the mining industry and in certain plants of the processing industry work was undertaken on free Saturdays, which contributed to the growth of overtime.

Worktime per one worker in the key industry (industrial and development group) rose from 1,776 hours in 1981 to 1,829 hours in 1982. It was mainly due to increased overtime per one employee and the number of hours worked during normal time.

As compared with 1979, in 1982 the time worked by one employee decreased by 130 hours. This is due to the shortening of the nominal worktime owing to bigger number of free Saturdays (from 17 to 1979 to 38 in 1981 and 1982) and additional holidays for some groups of workers. At the same time, overtime hours grew in relation to 1979.

The non-worked time per one employee of the industrial and development group went down from 246 hours in 1981 to 235 hours in 1982.

Absence due to sick leaves, unjustified absenteeism and payable idle time decreased.

Agriculture and forestry

It is estimated that in 1982 the value of the global agricultural production (in 1982 fixed prices) went down--as compared with 1981--by 4.5 percent, of which the value of plant production by 3.3 percent and of animal production by 5.8 percent. Marketable agricultural production (in 1982 fixed prices) increased as compared with 1981 by 2.8 percent, though largely due to the reduction of livestock population. In relation to the annual average in the years 1976-1980 the drop in the value of agricultural production was greater and amounted to 7.2 percent as concerns global production and 9.2 percent as concerns marketable production.

In the economic year 1981/1982, as compared with the previous year, the area under grains (excluding corn) increased by 226 thousand ha, i.e. by 2.9 percent, whereas the area under rape diminished by 19 thousand ha, i.e., by 6.7 percent. The share of grains went up from 54.4 percent to 56.1 percent. In effect of wintertime damage, in the spring 127 thousand ha of winter grains, i.e., ca 3 percent of their total acreage and about 101 thousand ha of winter rape, i.e., about 30 percent of its total creage were ploughed. The drought persisting from July till November last year negatively affected root plant yields, especially potatoes and feed crops.

	1982		1981		1982		1981	
	harvest				yield			
		indices				indices		
Specification	in m t.	1981 = 100	1976-1980 aver-ages = 100	1980 = 100	in q per one ha	1980 = 100	1976-1980 aver-ages = 100	1980 = 100
Grains	21.2	107.3	108.6	107.6	26.1	104.8	105.2	106.4
of which: four grains (excluding mixes)	18.5	107.7	105.5	104.9	26.3	105.2	106.0	106.4
wheat	4.5	106.5	87.9	100.7	30.7	103.7	104.8	113.8
rye	7.8	115.8	120.4	102.5	23.8	106.3	110.2	103.7
barley	3.6	103.0	102.4	103.5	29.5	108.1	106.9	105.4
oats	2.6	95.5	101.7	121.6	24.0	101.7	105.3	104.9
Potatoes	32.0	75.1	74.8	161.3	147	77.8	83.1	167.3
Sugar beets	15.1	95.0	106.5	156.5	306	90.5	109.3	152.9
Oleaginous plants	0.4	88.0	67.8	86.6	16.4	93.7	86.3	101.2
Meadow hay	12.9	87.5	90.0	119.1	51.9	87.4	90.4	118.8

In June 1982, in spite of a certain growth of livestock population as compared with June of the previous year, the structure of the herd revealed a tendency to limit animal breeding, especially pigs, Smaller than a year ago potato, hay, corn and feed root plant harvests as well as the simultaneous shortage of industrial fodder caused the aggravation of unfavourable tendencies in animal production in the second half of 1982. There was a further drop in prices for farm animals, especially piglets, the indices of pig reproduction deteriorated and sales of sows to purchasing points increased.

At the end of 1982, a certain weakening of the above mentioned tendencies was observed. Free-market prices for piglets, which over the period between January and September went down from 3,300 zlotys per tail to 1,600 zlotys, in December were exceeding 1,800 zlotys. Smaller was the drop in sows' mating as compared with respective months in 1981--in October the drop was 51 percent, in November--45 percent, in December--37 percent.

Specialized	entire agri- culture	social- ized sector	social- ized sector	entire agri- culture	social- ized sector	non social ized sector
Cattle	11.0	2.5	8.5	96.2	92.3	97.5
of which: cows	5.7	0.7	5.0	99.6	97.5	99.9
Pigs	17.6	4.8	12.8	92.0	102.7	88.6
of which: sows	1.7	0.4	1.3	75.1	88.8	72.0

It is estimated that in 1982 the production of animals for slaughter (including on-farm slaughter) in terms of meat and fat (hot undressed weight) amounted to 2.4 m t., i.e., was by about 1 percent bigger than in 1981. The total production of animals for slaughter is made up of the volume of slaughter animal purchases (1.9 m t.) and the volume of on-farm slaughter (0.5 mt.).

Production of poultry went down considerably from 432 thousand t. in 1981 to 184 thousand t. in 1982, i.e., it was smaller by 57.5 percent. The purchases of poultry amounted to 105 thousand t. and were by 70.5 percent smaller than in 1981, and on-farm slaughter amounted to 79 thousand t., i.e., was by 2.9 percent bigger. The drop in poultry production was mainly due to reduced feed imports.

Milk production amounted to 14.7 billion litres and was by 0.9 percent smaller than in the previous year. Production of eggs amounted to some 7.6 billion and declined by ca 14 percent as compared with 1981.

	1982						
	total	from social- ized sector	from non- social- ized sector	total	from social- ized sector	non- social- ized sector	1981
				index			
Specification	in absolute figures			1981 - 100			1980 = 100
Animals for slaughter in terms of meat and fat in thous. t.	1,892.3	577.8	1,314.5	100.4	75.3	117.7	74.2
of which: beef	610.6	200.5	410.1	131.8	100.0	156.1	69.7
veal	39.0	1.8	37.2	216.7	354.1	212.7	74.5

pork	1,106.1	337.7	768.4	109.4	83.5	126.7	69.8
poultry	104.7	31.6	73.1	29.5	20.6	36.2	103.7
Milk in m litres	9,317.9	1,592.5	7.725.4	100.6	96.9	101.4	92.5
Eggs in m	2,983.0	365.9	2,617.1	83.2	156.4	78.1	99.6

Purchases of grains for consumption from the 1982 harvest from the beginning of the campaign till the end of December amounted to about 27 m t. and was by over 80 percent bigger than in the comparable period of 1981, though it was considerably smaller than the planned level.

In effect of multifarious activities, i.a. through operational programmes, the year 1982 saw partial improvement in the supply of farm inputs. Tractor deliveries for agriculture in 1982 amounted to about 52 thousand and increased by about 2 percent. Considerably bigger were the deliveries of, among other things, 2- and 3-furrow ploughs, tractor-drawn harrows, tractor-drawn roto tillers and tractor-drawn cultivators. On the other hand, smaller were the deliveries of i.a. tractor trailers, tractor-drawn sheafers and buckrade loaders. Insufficient were also the dliveries of some spare parts, in particular tyres and batteries.

At the end of 1982, the number of tractors in entire agriculture amounted to about 694 thousand (460 thousand in non-socialized sector) and was bigger by 6.0 percent as compared with the state at the end of 1981. This growth was due, among other things, to a reduction in the number of tractors withdrawn from use.

In 1982, farmers bought 3.4 m t. of fodder from state reserves as compared with 6.6 m t. in 1981. The shortage of industrial feeds caused an increased use of farmers' own grain reserves for feeding.

For the 1982 harvest agriculture used some 3.3 m t. of mineral fertilizers (in terms of pure component), i.e., by 4.4 percent less than for the 1981 harvest. In terms of one ha of arable land it amounts to 179.1 kg, i.e. by 7.0 kg less than for the 1981 harvest.

In forestry, logging in 1982 amounted altogether to about 23 m m^3 and was bigger by 6.1 percent than in 1981.

In state forest enterprises about 21.5 m m^3 of timber was logged, i.e., 5.4 percent more than in 1981, of which 17.7 m m^3 were taken out of the forest, i.e., by 13.6 percent more than in 1981.

Out of the total volume of timber logged and taken out of the forest in state forest enterprises, as much as 13.2 m m^3 (61.2 percent) account for the volume of trees and branches fallen and broken due to hurricanes and snow-formations and the volume of deadwood. According to an estimate carried out at the end of 1982, the volume of trees and branches fallen and broken as well as deadwood remaining in forests amounted to some 8.6 m m^3 of wood. This constitutes a menace to the health of tree stands and causes deterioration of wood quality.

The disastrous spread of tussock-moth--occurring since 1977--intensified in 1982. This caused the necessity to apply chemical agents on an area of about 2.6 m ha (which constituted about 30 percent of the forestland in the country).

Transport and communications

In 1982, socialized transport enterprises handled 1,065 m t of freight, i.e., by 12.2 percent less than in 1981.

The slump in the volume of freight transport was an effect of the reduced demand for transport services, which was connected i.a. with smaller production (as compared with 1981), its changed structure and the progressing rationalization of transport.

The Polish State Railways in 1982 handled 402.1 m t of freight, i.e, by 0.6 m t more than in 1981, mostly due to better use of the loading capacity of wagons.

The operation of railway was made difficult by the ill technical condition of the rolling stock. The average daily number of technically unoperational freight cars amounted to 54.0 thousand and was by 11.2 percent bigger than in 1981. In the second half of 1982 the number of technically unoperational cars was systematically decreasing and was by 8.1 percent smaller than in the first half of 1982; it was mainly due to increased repairs of goods wagons.

In the latter half of 1982, railway rolling stock repair plants overhauled 2.7 thousand more wagons than in the first half of 1982.

In 1982, 319 km of railway tracks were electrified. In effect, the length of electrified railway track as on 31 December 1982 amounted to 7,410 km, which constituted 30.4 percent of the total length of normal gauge railways.

Public and branch road freight transport in 1982 amounted to 579.5 m t. and was by 20.3 percent smaller than in 1981, the drop being bigger in public road transport than in branch road transport.

The performance of road transport was affected i.a. by the shortage of freight (in effect of a shift of some of the freight to be transported by the Polish State Railway), fuel limitation and the deterioration of the technical condition of rolling stock.

Thirty-two point nine m 5. of cargo were transported by sea, that is 2.9 percent more than in 1981.

Sea commercial ports handled 39.2 m t. of cargo, i.e., by 4.5 percent more than in 1981, of which transit cargo amounted to 4.0 m t., i.e. 16.4 percent less than in 1981. Increased handling concerned mainly coal and coke.

Socialized public transport in 1982 carried 3,424.7 m passengers. As compared with the previous year, both the Polish State Railways and the Polish Road Transport carried about 1 percent passengers less.

The value of communication services as compared with 1981 increased by 9.8 percent. The number of telephone subscribers on 31 December 1982 amounted to 2,108,7 thousand and was by 86.2 thousand (4.3 percent) bigger than in 1981.

Investments and Building

In 1982, in the socialized sector of the economy investment outlays amounted to about 816 billion zlotys, of which 504 billion zlotys went on construction-assembly operations and 273.5 billion zlotys were spent on purchases of machinery. A planned limitation of the investment front took place. As compared with 1981 investment outlays in fixed prices declined by 19 percent, as compared with 1979 by about 48 percent.

At the end of 1982 outlays freezed in uncompleted investment projects, excluding the discontinued ones, amounted to about 1.1 billion zlotys. In order to complete those investments it would be necessary to engage over 2.5 billion zlotys over the forthcoming years.

In connection with the necessity of adjusting the level of investing to the economic situation in the country a part of started projects were temporarily or permanently stopped.

As on the end of 1982, over 1.5 thousand investment projects were stopped. About 130 billion zlotys are freezed in the discontinued investments.

Less than 60 percent of projects planned to be put in operation in 1982 were implemented. Among others, coal exploitation was started in Bogdanka, extracting levels were put in operation in the Piast and Suszec collieries, extraction was started in new lignite mines at Belchatow and Konin (Lubstow open pit mine) and introduced to the power grid were three power blocks in the thermal-electric power stations at Polaniec (2 blocks of 200 MW each) and Belchatow (360 MW) as well as three turbo-sets of 170 MW each in the hydro-electric plant at Zarnowiec.

Of other production investments, put in operation were, among others, the chlorine (180 thousand 5) p.a. (and soda lye) 197 thousand t (p.a.) plants at the Nitrogen Works at Wloclawek, new production capacities in the Olsztyn and Poznan Car Tyre Plants Stomil, footwear factory in Bydgoszcz.

Among others, 28 hospitals in a total number of 5.5 thousand beds, 64 outpatient clinics and health centres, 39 nurseries and 134 kindergartens were handed over for use. In 1982, 185.3 thousand apartments were handed over for use, i.e., 0.9 percent less than in 1981, of which in socialized housing 129.3 thousand apartments were handed over for use, that is 8.2 percent less. As compared with 1979, the number of apartments handed over for use was smaller by 92.7 thousand. The table below represents the implementation of housing according to its forms:

	Apartments			Usable floor area		
	1982		1981	1982		1981
		Index			Index	
Specification	in thousand	1981 = 100	1980 = 100	in thousand sq.m.	1981 = 100	1980 = 100
Total	185.3	99.1	86.1	12,455	104.3	85.9
From funds:						
state	31.5	95.6	81.5	1,716	94.9	83.0
cooperative	97.8	90.6	89.2	5,154	91.4	88.4
private	56.0	121.4	82.8	5,585	124.2	84.1

Socialized construction-assembly enterprises (without small-scale industry firms) implemented in 1982 basic production worth 625.8 billion zlotys. As compared with 1981 production was smaller by 5.7 percent, and as compared with 1979 a drop in production amounted to 34.4 percent. Beginning in October, basic production of construction-assembly enterprises was bigger than the low production in the corresponding months of 1981.

Average employment in socialized construction-assembly enterprises was 895.5 thousand and was by 61.2 thousand people (6.5 percent) smaller than in 1981. In the group of basic production workers the drop was less shapr and amounted to 3.7 percent.

Basic production per one employee grew slightly (by 0.8 percent) in 1981, and as compared with the 1979 level it was smaller by 23.2 percent.

Foreign Trade

The value of export (in current prices) in 1982 amounted to 947.4 billion zlotys and was bigger by 12 percent over the 1982 figure (in the first half export rose by 0.9 percent, and in the second half by 23 percent).

The value of import amounted to 862.0 billion zlotys and went down as compared with 1981 by 10.5 percent (in the first half by 21 percent, in the second half by 0.7 percent); a similar drop was noted in 1981 in relation to 1980 (by 10.8 percent).

The situation in foreign trade in 1982 should be considered against the background of difficulties, which occurred in foreign trade already in 1981. At that time, a steep decline in production took place, which--considering the simultaneous necessity of directing commodities to the internal market--limited the already reduced export possibilities. Hard-currency revenues declined because of this and difficulties in obtaining foreign credits resulted in the reduction of imports from the capitalist countries.

In 1982, the crisis in Poland and the aggravating payments difficulties were enhanced by the restrictions imposed by the capitalist countries, first of all the limitation of credits. With the limited possibilities of purchases on credit terms, there occurred a reduction of import of raw and intermediate materials as well as spare parts indispensable for current production in many branches of the national economy. This resulted i.a. in the lowering of the level of production and export possibilities.

In spite of the reduction of production a growth of export was attained in 1982 in relation to 1981. The icnrease of export took place initially owing to the growth of production in the mining industry, and then also through increasing export deliveries of electroengineering, chemical and food products.

Actions aimed at alleviating the effects of economic restrictions imposed by the capitalist countries and at reducing the dependence of imports from those countries were manifested primarily in broader application of domestic raw and intermediate materials as well as in increasing commercial turnover with the socialist countries, mostly the Soviet Union.

Both 1981 and 1982 witnessed a considerable growth of imports from the socialist countries destined for production and for the market, including a number of raw materials traditionally imported from the capitalist countries. At the same time, 1982 saw a considerable decline in import of investment goods (by ca 40 percent) due to the limitation of investing.

The table below presents the foreign trade turnover with various groups of countries, in current prices:

	1982					1981	
	export	import	balance	export	import	export	import
Specification	in m zlotys			1981 = 100		1980 = 100	
Total	947.4	862.0	+ 85.4	112.0	89.5	85.8	89.2
Socialist countries	507.8	547.1	- 39.3	123.7	103.3	90.4	104.3
Capitalist countries	439.6	314.9	+124.7	100.9	72.6	80.0	70.4
economically advanced	308.8	265.0	+ 43.8	98.8	74.0	73.5	73.6
developing	130.8	49.9	+ 80.9	106.4	66.0	102.8	58.3

In 1982, positive bala[illegible]as attained in trade with the capitalist countries to the tune of 124.7 bil[illegible] zlotys. In the previous decade, positive balance occurred in 1971.

In effect of the re-orientation of foreign trade there was a considerable increase of the share of the socialist countries, with the simultaneous decline of the share of the remaining countries.

Indebtedness in long-, medium- and short-term credits, as on 31 December 1981 changed as compared with the state as on 1 January 1982. The continuing negative balance of trade with the socialist countries, to cover which a loan was obtained from the Soviet Union, caused a further growth of indebtedness in the currencies of the socialist countries from 212 billion zlotys to 255 billion zlotys, that is the equivalent of 3.7 billion roubles.

In spite of a positive balance in trade with the capitalist countries there was a further growth of indebtedness in the currencies of those countries in effect of not fully paid principal and interest for 1982. In effect, indebtedness in the currencies of the capitalist countries increased from 2,036 billion zlotys to 2,147 billion zlotys. In terms of U.S. dollars the indebtedness decreased from U.S. $25.5 billion at the beginning of 1982 to U.S. $24.8 billion at the end of the year, which was due to an increase of the exchange rate of this currency by ca 8 percent and a decrease of the exchange rates of other currencies, which make up a considerable part of the debt.

In 1982, average prices of goods increased in relation to average 1981 prices by 2.4 percent in export and by 4.8 percent in import. Terms of trade index was at the level of 97.7.

In 1982 foreign trade turnover (in fixed 1982 prices) went up by 9.4 percent in export and went down by 15.6 percent in import as compared with 1981.

Nineteen hundred eighty-two witnessed considerable changes in the structure of import (in fixed 1982 prices) as concerns its destination. The share of investment imports dropped from 11.7 percent in 1981 to 7.3 percent in 1982, their volume being smaller by 47.5 percent; the share of imports for production increased from 74.9 percent to 78.3 percent, their volume being smaller by 11.4 percent, and the share of imports for the domestic market increased from 12.9 percent to 13.5 percent, their volume being smaller by 11.0 percent.

In 1982, hard coal export amounted to 28.5 m t., which means a 13.4 m t. increase over the 1981 figure, i.e., by 88 percent, whereas as compared with 1979 coal export was smaller by 12.9 m t., that is by 38 percent.

Import of grains, cereals and feeds in 1982 amounted to 5,174 thousand 5. and was smaller by 3,498 thousand t., i.e. 40 percent on 1981 (as compared with 1979 this import dropped by 3,535 thousand t., or, by 41 percent). In effect of a considerable decline in the import of grains, cereals and feeds, the negative balance in the group of food raw materials and products declined from 182 billion zlotys in 1981 to 77 billion zlotys in 1982.

Population and Employment

In 1982, the number of Poland's inhabitants was 36.4 m people, of whom 21.7 m lived in towns and 14.7 m in the countryside.

The share of urban population in the total number of inhabitants increased from 59.1 percent in 1981 to 59.5 in 1982.

The number of marriages in 1982 was a level similar to that of the previous year--about 320 thousand. There was, however, a considerable growth in the number of live births, which reached the level of about 702 thousand--the highest one since 1960. The birth rate per 1,000 of population increased from 18.9 in 1981 to 19.4 in 1982.

The number of deaths in 1982 amounted to about 335 thousand, that is by about 6 thousand more than a year ago, and the death rate per 1,000 of population was 9.2.

Natural increase amounted to about 367 thousand people, i.e., 10.2 per mille. In this respect our country occupies the leading position in Europe.

Average employment in the national economy in 1982 was 11,569 thousand people and was by about 459 thousand, i.e., by 3.8 smaller than in 1981.

Over the year 1982, the situation in employment was due to the increased number of people going on an earlier retirement and taking so-called upbringing leaves. According to the date of the Social Insurance Office (ZUS) in 1982, 793 thousand more decisions on granting an old-age or disability pension were issued than in 1981, which means a 66.1 percent increase, including 374 thousand decisions on earlier retirement. Over 800 thousand people availed themselves of upbringing leaves. This decrease could not be made up for by the inflow of graduates of all types of schools (about 450 thousand) as well as a growing number of persons returning to jobs after a maternity leave. Earlier retirements caused a shortage of highly skilled labour in certain occupations.

Reduced employment concentrated mostly in basic branches of the material production sphere, i.e. in industry--a drop by 251 thousand (with the exception of coal mining and power industry, which noted a growth of employment), in building--by 81 thousand, in agriculture--by 63 thousand, in transport and communications--by 47 thousand, in trade--by 21 thousand.

A growth of employment in relation to 1981 occurred primarily in education--by 38 thousand (mostly in elementary and general education secondary schools) as well as health service and social welfare--by 26 thousand.

At the end of 1982 the number of vacant jobs amounted to 248 thousand as compared with 9 thousand job seekers registered in employment agencies. Out of the total number of vacancies about 10 percent were newly formed jobs and about 90 percent were already existing jobs, vacated due to labour fluctuation.

Certain difficulties in finding a job occurred on local job market, though they were connected with spatial and structural maladjustment of labour supply to the demand.

Incomes, Pays, Cost of Living

Nominal personal incomes of the population (embracing incomes from work in the socialized and the non-socialized sector of the economy, non-wage social benefits and the remaining incomes including the balance of credits for consumption and private housing, received interest on savings, deposits) increased by about 63 percent. Non-wage social benefits grew by about 138 percent.

Remunerations in the socialized sector in 1982, embracing wages, fees, commission fees, compensations and bonuses, amounted to 1,676 billion zlotys and were by 510 billion zlotys, i.e. by 43.8 percent bigger than in 1981.

An average monthly pay embracing wages (for normal hours and overtime including work on free Saturdays), compensations and advance payments on the profit per one employee in the socialized sector amounted in 1982 to 11,116 zlotys. Out of the total increase of an average monthly pay by 3,741 zlotys, i.e. by 50.7 percent, an average compensation accounted for almost 1,500 zlotys, and the increase of remunerations in deed of raises, promotions and others--for over 2,200 zlotys.

Over 1982, the biggest rate of growth of an average pay was noted in the fourth quarter, which was connected with a considerable increase of remunerations, often unjustified by production growth, and advance payments from the workers' fund made up of profit for distribution.

In effect of a high growth of average remunerations workers were shifted to higher remuneration brackets. Changes in the level of remunerations in the years 1981-1982 (on the basis of the September survey) are illustrated by the table below:

Years	up to 6,000 zl	6,001 - 10,000 zl	10,001 - 14,000 zl	14,001 - 18,000 zl	over 18,000 zl
			In percent		
1981	32.8	50.7	12.2	2.8	1.5
1982	4.8	41.3	36.3	11.3	6.3

As of 1 September 1981, according to decree of the Council of Ministers, the lowest remuneration including compensations and other benefits has been 5,400 zlotys.

An average monthly old age and disability pension (excluding private farmers) amounted in 1982, including compensations, to 5,672 zlotys and was bigger by 2,209 zlotys as compared with 1981.

This increase is made up of an average compensation in the amount of about 1,500 zlotys, increase in deed of pension raises and the increased share of newly granted oldage and disability pensions, which are bigger due to the higher level of remuneration forming the basis for calculating their amount.

In September and October last year, one-time payments for old-age and disability pensioners with lowest pensions were made, which amounted to 9 billion zlotys.

Payments of social insurance benefits (without sickness allowances paid out from the funds of enterprises and benefits for private farmers) amounted in 1982 to 195 billion zlotys and increased almost five-fold, of which family allowances including compensations amounted to 152 billion zlotys, of which compensations paid on family allowances alone about 120 billion zlotys, and upbringing allowances--20 billion zlotys.

It is provisionally estimated that nominal money incomes of private farmers from agricultural production destined for consumption and non-productive investments were by about 56 percent higher than in 1981.

Nineteen hundred eighty-two saw an increase of retail prices for goods and services, which resulted in a growth of indices of the cost of living. A decisive influence was exerted by raises of prices for foods, fuel, electric energy and gas charges introduced from 1 February 1982, as well as raises of prices for non-food articles and services introduced as of the beginning of the year. The level of the index of the cost of living was also influenced by price hikes introduced at the end of 1981, concerning primarily prices for bread and cereals, alcoholic beverages, tobacco products and services.

In individual socio-economic population groups the index of the cost of living per household was as follows, respectively:

Specifications	workers employed in socialized sector		peasants		old-age & disability pensioners	
	1981	1982	1981	1982	1981	1982
Total	124.4	200.2	127.8	203.1	119.5	209.5
of which: without changes of prices for alcoholic beverages	115.7	189.2	115.7	188.3	117.7	205.4
Foods[a]	122.2	237.8	125.2	245.0	122.1	238.5

[a] Without food from one's own farm.

Alcoholic beverages	160.3	193.8	164.2	194.5	160.1	193.8
Non-food articles	116.5	185.2	115.3	190.4	114.5	192.9
Services	114.1	164.7	121.3	173.5	114.0	166.0

The hikes of prices for goods and services introduced in 1982, the rationing of basic foods, insufficient supply on many commodities, mainly on the non-food group, caused changes in the structure of spendings in spite of increased money incomes. In all population groups the share of spendings for food considerably increased (e.g., in worker farmilies on the average of 36 percent to 50 percent, and in pensioners' families from 48 percent to 58 percent), whereas the share of spendings on non-food articles and services decreased.

Money incomes of the families of socialized sector employees, embracing remuneration for work, various non-wage social benefits and compensations for employees and members of their families, increased in 1982--as compared with 1981--by about 80 percent on the average. An average monthly pay including compensations per one employee of the socialized sector increased by about 51 percent over the period discussed.

The decrease of real money incomes in individual households was differentiated. In the households of employees with a lower income level per person--in spite of the relatively bigger than the average growth of the index of the cost of living due to a high share of spendings on food--a drop in real incomes amounted to 10-15 percent, while in the group of households with higher incomes per person a drop in real incomes in worker families was mainly due to the applied principles of granting money compensations taking into account the demographic composition and the level of incomes of a given household, protecting economically weaker families.

Money-market Situation

The shaping of the money-market situation in 1982 was strongly influenced by the 1981 trends on the domestic market. In view of a considerable growth of money incomes of the population and the announced price hikes, the buying out of all goods on sale became a widespread tendency at that time, which in consequence led to a considerable depletion of stocks at the end of the year.

In 1982, in effect of price hikes and the functioning system (introduced successively over 1981) of sales rationing the market calmed down, which was manifested, among other things, by improved conditions of buying.

However, disproportions between global incomes of the population and the supply of goods continued, though in the first half of 1982 there was a certain alleviation of market imbalance in connection with the increase of retail prices introduced as of February.

Money incomes of the population from the socialized sector amounted to--according to the date of the Polish National Bank--3,402 billion zlotys and were by 63 percent bigger than the incomes attained in 1981.

Money spendings of the population in 1982 amounted to 3,010 billion zlotys and were by 67 percent bigger than the 1981 spendings. The population spent 2,495 billion zlotys, i.e., by 75 percent more than in the preceding year, on purchases of goods in socialized outlets.

The amount of money spent by the population on services rendered by socialized entities amounted to 318 billion zlotys, that is it increased by 44 percent in relation to 1981. After the provisional elimination of the impact of price hikes, the value of services rendered for the population was by some 12 percent smaller.

Money reserves of the population as on 31 December 1982 amounted to 1,444.7 zlotys, of which savings deposits 880.6 billion zlotys, and cash reserves 564.1 billion zlotys. Over the year 1982, cash reserves of the population increased by 193.4 billion zlotys, that is by 52.2 percent, and savings deposits increased by 202.0 billion zlotys, that is by 29.8 percent.

The total value of goods, produced in the country and imported, delivered for the market in 1982, in terms of current retail prices, amounted to 2,819 billion zlotys.

Deliveries of goods for the market in terms of fixed prices were smaller by 10 percent, in the first half of the year the deliveries being smaller by 12 percent, and in the second half they dropped by 9 percent as compared with the corresponding periods of 1981.

Deliveries of selected groups of products were as follows:

		1982		1981
			Index	
groups of products	unit	absolute figures	1981 = 100	1980 = 100
Meat, poultry, offal and products[a]	thous. t.	1,466.4	85.2	82.3
meat, offal and products[a]	thous. t.	1,350.5	98.7	78.3
poultry, offal and products[a]	thous. t.	115.9	32.7	103.0
Fish and products	thous. t.	202.9	78.4	94.6
Fats:[a]				
animal	thous. t.	127.1	86.2	89.2

oil	thous. t.	55.7	93.6	138.4
margarine	thous. t.	171.0	82.5	112.2
butter	thous. t.	217.2	78.6	102.3
Milk for consumption[a/]	m. litres	2,981.4	96.4	115.8
Maturing cheese[a/]	thous. t.	78.7	97.5	96.2
Cottage cheese[a/]	thous. t.	179.6	74.0	120.7
Sour cream and cream[a/]	thous. t.	242.5	89.6	97.4
Pasta	thous. t.	86.7	89.8	107.6
Rice	thous. t.	80.2	69.5	118.6
Eggs[a/]	m	2,292.5	78.8	116.6
Sugar	thous. t.	1,095.4	121.5	83.9
Tea	thous. t.	26.7	109.3	102.9
Neutral and flavoured vodkas	m litres[b/]	139.4	100.3	76.1
Wines and meads	m litres	215.3	86.5	71.1
Cigarettes	billions	91.2	101.7	95.1
Fabrics:				
cotton and cottonlike	m m.	82.6	56.4	77.5
wool and woollike	m m.	26.7	70.5	80.5
silk and silklike	m m.	49.8	82.2	88.1
Knitwear	m	112.9	107.4	.
of which:				
for babies	m	28.1	132.6	80.9
for children and youth	m	62.9	147.3	.
Knitted underwear	m	133.3	80.9	.
Children's tights	m	23.7	118.4	90.4
Women's tights	m	67.3	106.9	.

Women's stockings	m	36.8	126.9	.
Overcoats	m	12.2	92.4	90.3
of which: for children and youth	m	4.9	126.8	.
Men's and boy's suits	m	3.1	87.6	85.4
Fabric underwear	m	21.7	80.5	.
Footwear	m pairs	109.1	100.5	90.1
of which: leather and synthetic	m pairs	62.3	102.1	91.2
of which: for children and youth	m pairs	26.5	135.5	.
rubber and textile-rubber	m pairs	16.1	82.2	78.8
Household refrigerators and freezers	thous.	600.4	94.8	91.5
Household electric washers and spinners	thous.	680.4	90.1	90.8
of which: automatic washers	thous.	258.6	78.6	91.3
Sewing machines	thous.	203.3	85.0	108.2
Washing powders and granules	thous. t.	205.4	114.2	98.5
Toilet and special soap in bars	thous. t.	44.3	116.5	89.6
Washing liquids and pastes	thous. t.	43.6	129.0	.
Radio sets	thous.	1,484.8	67.4	99.3
TV sets	thous.	647.6	77.2	88.1
Passenger cars	thous.	156.0	109.8	86.7
Bicycles	thous.	1,206.7	113.6	82.4

Hard coal and briquettes	thous. t.	33,893	116.6	93.3
Cement	thous. t.	5,539.7	134.6	87.9

[a] Including provisions for nurseries, kindergartens, hospitals, holiday houses, etc.

[b] In terms of 100° alcohol.

The value of retail sales of goods in 1982--by socialized units--amounted to 2,624 billion zlotys and was by 77 percent bigger than in the previous year (in terms of current prices). Food sales increased by 112 percent, alcoholic beverages by 117 percent, non-food articles by 51 percent.

The structure of retail sales of goods according to basic commodity groups changed as compared with 1981. The share of food sales grew from 19 percent in 1981 to 35 percent in 1982, alcoholic beverages from 12 percent to 15 percent, while the share of non-food articles decreased from 59 percent to 50 percent.

Retail sales of goods, having provisionally eliminated the effect of price hikes, were by about 17 percent smaller than in 1981, of which: food sales decreased by 16 percent, non-food articles by 21 percent, and sales of alcoholic beverages increased by 2 percent.

Goods reserves at the end of 1982 in current retail prices amounted to about 342 billion zlotys. The volume of reserves continued to be insufficient.

Social and Cultural Services

In 1982, current expenditures of the state budget for social and cultural services--according to provisional data--were as follows:

	1982		1981
		Index	
Specification	in billion zlotys	1981 = 100	1980 = 100
Total	445.1	185.9	126.2
Education and upbringing	192.9	188.6	127.9
Culture and art	27.1	188.3	114.8
Health service and social welfare	213.5	181.0	126.7
Physical culture and sport, tourism and recreation	11.6	246.0	116.7

Nineteen hundred eighty-two witnessed a further growth of the number of children at pre-school age and the number of children at school age. At the same time, the number of elementary school graduates declined, which resulted in a reduced number of post-elementary school students and graduates.

In 1982. 1,225.1 thousand children attended pre-school educational institutions, which means a 0.9 percent growth on 1981. The rate of children per 100 places in kindergartens decreased from 115 in 1981 to 111 in 1982. About 48 percent of all children at the age of 3-6 (about 99 percent at the age of 6) attended kindergartens.

In the current school year, schools of all levels are attended by 6.8 m people, i.e., 18.7 percent of the country's populace. Elementary schools are attended by 4,465.3 thousand people (by 2.8 percent more than in tne previous year), general education secondary schools--380.8 thousand (by 1.1 percent less), vocational schools--1,555.8 thousand (by 8.1 percent less), and higher schools--395.4 thousand (by 7.3 percent less).

Four hundred forty-one point 5 thousand young people were accepted in post-elementary schools directly upon completing the elementary school, i.e., about 97 percent of elementary school graduates from the previous year. Like in the previous years the overwhelming majority (357 thousand) of elementary school graduates enrolled in vocational schools.

The number of students accepted for the first year of study amounted to 73.1 thousand and was by 4.2 percent smaller than in 1981. There are 78.0 thousand young people to attend the first year of study, i.e, by 4.9 percent less than in the previous year.

In 1982, 470.9 thousand graduates left elementary schools, 94.4 thousand--general education secondary schools, 491.1 thousand--vocational schools (of which secondary-level vocational schools--190.9 thousand). Higher schools let out 70.0 thousand graduates.

In 1982, 1,291.7 thousand children and youth availed themselves of holidays organized outside the place of permanent residence, that is by 22.6 percent less than in the previous year. The decrease in the number of children availing themsleves of the organized forms of rest was caused i.a. by the fact, that no holidays were organized during winter vacations.

The number of physicians employed at the end of December 1982 amounted to 66.7 thousand and as compared with the number of physicians employed in December 1981 it increased by 1.8 thousand. The number of dentists amounted to 17.1 thousand, i.e. it went up by 142 as compared with 1981. There were 18.3 physicians and 4.7 dentists per 10 thousand of the population (in 1981 18.0 and 4.7 respectively).

In 1982, the number of health centres amounted to 3,244 and increased by 15 over the 1981 figure.

At the end of December 1982, the number of hospital beds amounted to 203.9 thousand, and grew as compared with the state as on the end of 1981 by about 400 beds.

The number of places in welfare houses amounted to 62.1 thousand, i.e., it increased by 1.0 thousand as compared with 1981.

In 1982, infant mortality rate per 1,000 live births amounted to 20.6.

Owing to the fact that the sphere of pharmaceutical supplies was covered by an operational programme and that priorities were granted to the production and import of medicaments, in 1982 the downward trend in the supplies of pharmaceuticals and toiletries for the population was checked, and in certain groups such as antibiotics, drugs applied in circulatory diseases and psychotropic drugs a slight improvement was recorded.

Shortages of basic articles indispensable for treatment such as: blood transfussion equipment, X-Ray films and agents, dialisers for artificial kidneys, were eliminated. Apart from that, there was an improvement in the supplies of disposable syringes and hypodermic needles; supplies of medical articles for the cardiosurgery bank were ensured in 100 percent.

According to the provisional data of the Ministry of Culture and Art, 38 houses (publishing institutions) turned out in 1982 altogether 5,448 books and brochures, which is by 5.6 percent more than in the previous year. The total impression of books and brochures amounted to 174.4 m copies, a 33.8 percent increase over the 1981 figure. The remaining publishers turned out in 1982 about 3 m copies of books and brochures.

The number of theatre spectators (7.4 m people) declined by 4.5 percent as compared with the previous year, the number of cinema spectators (87.0 m) declined by 13.1 percent. On the other hand, there was an increase in the number of radio and TV subscribers. In 1982, registered were 8,932 thousand radio subscribers (up by 2.3 percent) and 8,400 thousand TV subscribers (up by 2.6 percent).

[TRYBUNA LUDU. No 36, February 12-13, 1983]

CSO: 2020/24

WORK ON FOREIGN DEBT TO WEST REVIEWED

Warsaw FINANSE in Polish No 1, Jan 83 pp 53-54

[Review by Jan Gluchowski of book "Zadluzenie Polshi w krajach kapitalstycznych," [Poland's Debt to Capitalist Countries], Warsaw 1982, 154 pages, by Stefan Jedrychowski]

[Text] Devoted to a crucial financial problem, Stefan Jedrychowski's book is, with only a few articles as background, the first work of some extent to discuss Poland's debt to western countries. It is comprehensive in nature, presenting, among other things, the sources and motives of the debt, the process of incurring the debt with capitalist countries, an evaluation of that process in comparison with other countries, and the high debt's impact on the national economy, negotiations with the creditors, potential and prospects for halting further increases, and elimination of the debt.

The text is supplemented by 12 tables with numerical data either illustrating the status of the debt or related with the loans incurred. Not all indispensable information was made available at the time those tables were being prepared. Significant inconsistencies are presented in an afterword (pp 139-144).

The work under review definitively breaks the barrier of silence surrounding our country's debt to the West. The author notes that in the 1950's and 1960's, and especially during the cold war period, classifying this information as state secret could be justified by fear of its being used by the banks and governments of capitalist countries taking measures disadvantageous to our economy. However, from the 1970's on, the suppression of information on the debt was becoming paradoxical because, in reality, "it had become a state secret kept from Polish society alone." Professional periodicals, daily newspapers and mass media in the creditor countries[1] constantly reported not only on the size of the debt but also on the details of Poland's finances and economy.

Much relevant material and opinion is provided verbatim in the book, from Main Statistical Office data to the well-known Portes report[2] of which extensive excerpts were carried by POLITYKA's export-import supplement in May and June of 1981. Such material and opinions substantially enrich the content of the book.

For experts and general readers alike, the crucial problem is repayment of the incurred loans. According to an opinion quoted on page 112, the term 'moratorium,' used in Polish publications, can refer to nothing but a multilateral agreement on extending repayment deadlines. On the other hand, a "unilateral announcement of the decision to default, even for a specified period only, on payments of credit amounts or interest is equivalent to bankruptcy, with instantaneous and irrevocable legal consequences, including curtailment of access to any further financial resources, thus also to imports from free currency markets, seizure of Polish vessels and goods, etc."

One may well share the doubts whether a totality of similar sanctions could be automatically applied. In S. Jedrychowski's opinion, this would require an intricate and farfetched legal interpretation on the party of creditors and courts in creditor countries, since the borrower for most of the loans was the Commercial Bank [Bank Handlowy], a stock corporation. In effect, it would be necessary to equate Bank Handlowy with the Polish state and to demonstrate accountability of Polish foreign trade enterprises or shippers for the debts of the state or of the Bank Handlowy. This is grounds to conclude that a default could at best portend long and costly court cases, whereas seizure of vessels and goods would disrupt regular commodity turnover with the West and would doom us to imports for cash alone. Thus, there are a sufficient number of premises making it clear that the slogan of unilateral moratorium should not be promoted.

The author tentatively evaluated the possibilities and prospects for halting further growth and gradual reduction of the debt. He correctly points out stages in the solution, listing the following as necessary:

-establishing a surplus in that balance which, in conjunction with a surplus in the balance of services and transfers, would provide financing for interest payments and credit deficits,

-stopping further growth and gradual reduction of the debt.

This is a justified view, but its implementation will depend on many factors of economic and political nature. In general, S. Jedrychowski's publication performs a useful role. Regardless of its practical applicability, it opens up a series of other source materials in which Poland's debt to western countries will be dealt with more extensively.

It would be advisable for those works to handle our country's debt comprehensively, considering that the magnitude of loans extended to Poland by socialist countries, largely the Soviet Union, already exceeds 2 billion dollars, thus representing a substantial portion of the Polish People's Republic's total foreign debt.

FOOTNOTES

1. See "The Polish Debt Seen From the West" in POLITYKA, March 1982, p 5

2. R. Portes, "The Polish Crisis: Western Economic Policy Options." The Royal Institute of International Affairs, London 1981.

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IMMINENT START OF WORK ON CONSTRUCTION OF WARSAW METRO SYSTEM REPORTED

Warsaw TRYBUNA LUDU in Polish 3 Jan 83 p 5

[Article by Zygmunt Swiderski: "Construction of the Metro System Will Soon Be Under Way"]

> [Text] 1983 will be recorded in the history of Warsaw above all as the year when construction of the metro system was begun. For this large capital expenditure--so extremely important for the city--has already been under way for several months. At present the final preparations are taking place: foreign offices are drawing up contracts for delivery of equipment and fittings, and construction firms are gathering up building materials and machines and are preparing bases and social subsidiaries for the staff.

For weeks several well-known construction firms have been preparing land sites designated by the investor at Ursynow-Natolin. Energopol-6 is building a subsidiary at the corner of National Education Commission Street and Herbsto Street. This is where this firm's main base is to be located. The site has been fenced in and supply with electricity, and at present barrack trailors are being set up and inner roads are being built.

At the same time the engineering-technical cadre of this firm is preparing plans for the organization of labor, including objective timetables for the progress of work which is to be accomplished on the first section of the construction of the metro system. For Energopol-6 will participate in the completion of the part of the rail section of the subway in the Natolin region and of the station located at the intersection of National Education Commission and Bela Bartok Streets.

In the first half of the year Energopol-6 expects delivery of equipment from the Soviet Union, among others, of a gate gantry with a 20 ton lifting capacity, which will be necessary in the summer for mounting structures of reinforced concrete.

Other Warsaw firms are also making preparations to begin foundation work in the spring: they are, among others, the firm of Concrete-Steel, Energopol-3, and the firm of Electrical Installation.

Along the first section of the metro system all the obstructions are being removed. The Municipal Enterprise of Engineering Works is, for example, changing the course of an underground rain canal which interfered with the building of the subway.

Technical designs for the first sections of the subway and of the two stations beginning at Ciszewski Street at Natolin and ending at the last part of Ursynow going up to the viaducts in Rzymowski Street are ready.

Throughout the entire time--from May 1982, when the decision to begin preparations for construction of a subway was made--consultations between Polish and Soviet specialists have been going on. Warsaw Metroprojekt designers entered into cooperative work considerably earlier. Soviet experience, both in construction technology and in the entire system, was taken advantage of in working out the design of the metro system in Warsaw.

Recently Polish specialists, designers and executors visited three Soviet cities in which there is a metro system. Through consultations and training they became familiar with design solutions and the technology of completing the lines in Moscow, Leningrad, and Kharkov. They also saw equipment and fittings which will be used for the building and operation of the metro system in Warsaw.

Until 1992 the USSR will supply the Warsaw subway with 280 cars, centralized control fittings, furnishings of traction equipment for substations, economical rolling stock, and, among others, cars for surveying tracks, for washing, for dusting and for transporting goods.

We are receiving 90 cars necessary for service on the first 12-kilometer section of the subway from the USSR as a gift to Warsaw. They will run from Natolin to Wawelska Street.

This is expected to take place in 8 years, or in 1990. As a result of the construction of the first section of the metro system, the inhabitants of Ursynow-Natolin will save 15 million hours a year on travel to the city center.

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NEW MERCHANT MARINE SHIPPING ASSOCIATION FOUNDED

Gdansk GLOS WYBRZEZA in Polish 18 Feb 83 pp 1, 2

[Text] Yesterday, on the 17th of this month, an agreement was signed aboard the Polish Oceanic Lines flagship "Stefan Batory" which created the Shipowners Association of the Polish Merchant Marine. The agreement was signed by the charter members: chief director of the Polish Oceanic Lines, [PLO] Tadeusz Grembowicz, chief director of the Polish Maritime Shipping Company, Ryszard Karger, and chief director of the Polish Baltic Shipping Company, Janusz Rutkowski.

The idea of joining the activities of all the Polish shipowners is not new. The Central Board of the Polish Merchant Marine [PMH] existed as early as the 1950's. Unlike the Central Board of the PMH, however, the present association, the need for which was discussed for practically years, participated on a fully voluntary basis.

According to the agreement signed by the founders, the goal of the Shipowners Association of the Polish Merchant Marine is "to form conditions promoting the comprehensive development of the Polish fleet and to protect the basic interests of the members of the association, including interests on the international shipping market (...). The participants bear the costs of the association's activity in proportion to their fleet's size in gross metric tons." As PLO Director Tadeusz Grembowicz emphasized, thanks to the association the interests of Polish shipowners will be represented by one organization both within the country and abroad, in such organizations as, for example, the IMO [expansion unknown] and INSA [expansion unknown].

In accordance with the agreement reached, the seat of the PMH Shipowners Association will be designated by the president of the association. Thus, since yesterday the association is headquartered in Gdynia, for the association's first general meeting took place yesterday also and resulted in the selection of the Polish Oceanic Lines Chief Director Tadeusz Grembowicz as the first president of the Shipowners Association of the Polish Merchant Marine. As Director Ryszard Karger emphasized, this choice expresses, among others, recognition of the contribution made up to now in the development of the Polish Merchant Marine.

During the proceedings, a program for the association's activities was outlined, which will take up, among others, such tasks as for example, the relationship to the economic system in force at present, or working out a common position with regard to the Shipping Statue which is in the making.

The newly formed association is open to all domestic shipowners. According to the declarations of the president of the Polish Ship Company SA and the Polish Shipping Company SA, these companies will join the association also. It is expected that Transocean in Szczecin, the company of the Maritime Refrigerated Transport Service SA and the Polish Ship Salvage Enterprise [PRO] will accede to the association. Thus it is to be wished that the newly-formed Shipowners Association of the Polish Merchant Marine represent the interests of the shipowners of the PMH effectively and in accordance with the expectations of its members.

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MINISTER DISCUSSES WOOD, CONSTRUCTION MATERIAL PRIORITIES

Bucharest SCINTEIA in Romanian 3 Feb 83 pp 1-2

[Interview with Ioan Florea, minister of wood industrialization and construction materials, by Ilie Stefan: "The Diversification of Production, the Substantial Reduction of Material and Energy Consumption"; date and place not specified; passages enclosed in slantlines printed in boldface]

[Text] [Question] Comrade Nicolae Ceausescu, the secretary general of the party, analyzed several times, together with management personnel and specialists in the field of wood industrialization and construction materials--two such analyses took place just in the last month of last year--the proposed measures and solutions for reducing material and energy consumption. Concretely, what has been done thus far to carry out the special programs drawn up for this purpose?

[Answer] From the outset, I want to stress the continual and very valuable help that the workers in the field of wood industrialization and construction materials have received from the secretary general of the party, both in substantiating the levels and rates of quantitative and qualitative development of production during the current 5-year period, in orienting our whole activity, and in fulfilling in the best way the tasks that devolve upon us. For the valuable, mobilizing instructions that he has given us and is giving us, for his tireless activity put in the service of the economic and social prosperity of Romania, /we convey to the secretary general of the party, Comrade Nicolae Ceausescu, on the occasion of reaching 50 years of revolutionary activity and celebrating his birthday, our warm thanks, much health and power to work for the good of the people and our socialist homeland/. The actions initiated by Comrade Nicolae Ceausescu regarding the development and modernization of production and the more marked reduction of material and energy consumption are of particular importance for our current activity and have broad positive implications for the outlook in the whole 5-year period.

On Comrade Nicolae Ceausescu's initiative, a number of special programs for reducing the consumption of raw materials, supplies, fuel and energy were drawn up. The results obtained thus far and the ways in which we will act further to carry out these programs were presented to the party and state leadership and the secretary general of the party at an exhibition set up at the end of last year. Regarding the efficiency of the measures and solutions contained in the above-mentioned programs, one should note, first of all, the fact that /in the ministry's units as a whole the primary fuel consumption in 1983 is being reduced, on the average, 9.8 percent in comparison with 1982 and 14.1 percent in comparison with 1980/. This reduction in fuel consumption is occurring under the conditions of the growth of the percentage of reusable resources in the structure of the fuel consumed from 11 percent in 1982 to 14.2 percent in 1983, /there being provided a degree of recovery of reusable energy resources of about 56 percent/. At the same time, the reduction of the material consumption and, respectively, the weight of the products is being provided through the new technological solutions.

These are measures that supplement the actions finalized in preceding years, among which an important place went to /the reduction of the physical volume of energy-intensive products/ and the partial replacement of them with new products, there being achieved in 1982 an improved structure of production in the fields of the wood, pulp and paper industries and construction materials.

[Question] Comrade Minister, please name the priorities for 1983 in the field of wood industrialization and construction materials.

[Answer] Unquestionably, in the third year of the 5-year period too, /growth in economic efficiency constitutes our number-one objective/. For precisely that reason, for 1983, in accordance with the tasks established by the national party conference and with the orientations and instructions given by Comrade Nicolae Ceausescu, the ways and means of more markedly reducing the consumption of raw materials, supplies, fuel and energy were examined with great responsibility, with a view to putting the new solutions into practice as soon as possible. As a result, in the furniture industry, through the reduction of the thickness and weight of the wooden products, about 1.3 million cubic meters of timber will be saved this year, which will provide for, among other things, the obtaining of an additional output for exportation with a value of $14.6 million. To this end, /a number of models for the new furniture products were approved, the new technologies for finishing the furniture by utilizing dull varnish were updated and finalized, new standards for dimensions of the furniture and for typification of the big elements and the panels were drawn up, and technical standards were drawn up for all the new and redesigned products/.

In the construction-material industry, through the reduction of the consumption rates and the weight and cross section of the products, the degree of utilization of raw materials and supplies is rising substantially, that is, by 22-30 percent for kaolin, clay and feldspar, in the manufacture of sanitary objects and stoneware tile. For asbestos cement, a savings of over 56,000 tons of cement and 1,550 tons of asbestos fiber is being achieved and, for cement production, a savings of 6,950 tons of refractory brick is being achieved. In the production of water-insulating materials, the bitumen consumption is falling 20 percent, and for plastic materials, coverings and hangings of PVC [polyvinyl chloride], the PVC consumption will be reduced 33 percent, under the conditions of the reduction of fuel consumption by about 10.4 percent in comparison with last year's achievements. In the pulp and paper industry, through the reduction of the thickness of all assortments and of the specific consumptions, a savings of 64,000 tons of cellulose will be achieved this year.

[Question] The achievement of modern, light, cheap construction materials constitutes a very important objective that constantly lies in the center of the attention of the leadership of our party. What results have been obtained thus far and what will the new year 1983 being in this regard?

[Answer] This year too, the production of construction materials is undergoing a continual process of renovation. I would note, in particular, the stoneware tile decorated by hand, the new models of sanitary objects, hangings, fittings and others--products which will be manufactured with low consumptions of raw materials, with improved aesthetics, and which are in demand both in the country and for exportation. In addition, the new models of big outside panels for dwellings were also presented at the exhibition set up at the end of last year.

At the same time, /we will put new, modern technologies for producing construction materials at the disposal of units with a similar makeup under other ministries and the people's councils/. Thus, the technology has been perfected and the production of construction materials based on the use of secondary resources, such as the masonry blocks of slag and thermoelectric-power-station ash, the ("isoconcrete")-type autoclaved cell concrete and so on, will begin soon.

/Question/ You mentioned earlier the panels for dwellings. Not long ago, Comrade Nicolae Ceausescu indicated to the ministry's management and the specialists that the range of these products is to be diversified in order to provide for the construction of apartment houses with modern architecture and with lower expenses. What solutions are in view for satisfying these requirements?

/Answer/ On the basis of the instructions and orientations given by the secretary general of the party on the occasion of the working visits, the specialists in the ministry perfected a new technology for finishing the big frontal panels for dwellings, through finishing straight from casting, with face concrete, without plaster and veneer. The big frontal panels finished in this way were presented at the exhibition set up at the end of last year, they being appreciated by the higher party leadership. After the exhibition, in order to immediately apply the solutions presented to the leadership of the party, actions for instructing and testing the knowledge of the chief engineers and the section chiefs in the prefab enterprises and meetings with the designers and builders of dwellings were initiated at the "Progresul" and "Granitul" enterprises in Bucharest, where these models were made for the first time.

/Question/ We would like to dwell further on heat-insulating materials. In the newspaper SCINTEIA it has been reported several times that various solutions for achieving new materials, substitutes for energy-intensive ones, are under study. What results have been obtained in this field and what concerns do you have in prospect?

/Answer/ The manufacture of new heat-insulating materials with low energy consumption constitutes a major concern of the specialists in the branch of construction materials, /with the national economy's need and some reserves for exportation being provided completely in 1982/. Of course, not all studies led to the best results. Nevertheless, on the basis of the research done, new heat-insulating materials were approved and the production of them was undertaken. Thus, last year, 550,000 square meters of (stabilit) and 1 million cubic meters of autoclaved cell concrete for insulation were produced and delivered to customers and the experimental production of the first quantities of heat-insulating board based on foamed ash was begun, with it happening that this product is to be assimilated in all the prefab enterprises. At the same time, it is also to be produced, as early as this year, at an enterprise in local industry, under the technical assistance of our units.

At the same time, I also specify that our ministry is concerned with achieving the products stipulated in the Special Program for Heat- and Sound-Insulating Materials, such as mineral wool from liquid slag, new assortments of autoclaved cell concrete, expanded clay with a low specific gravity and so on. In the program it was stipulated that other heat-insulating materials were also to be achieved by consumers or other producers--the county people's councils, the Ministry of Industrial Construction, the Ministry of Agriculture and the Food Industry and the Ministry of the Metallurgical Industry--utilizing reusable materials from their own industries, that is, scraps of Orlon, textiles, flax, hemp, chopped straw and so on--products that have not been applied to the insulation of constructions either because they have not yet been approved, or because their manufacture has not proved efficient, or because the new products are not competitive in comparison with the heat-insulating materials under manufacture.

[Question] In closing, we bring into discussion a particularly topical matter: the recovery of reusable materials and the reintroduction of them into the economic circuit, a field in which notable achievements have been obtained recently. Nevertheless, they are not on a par with the real possibilities and the current requirements. What are the causes and in what ways will this action be intensified?

[Answer] The recovery of reusable materials and the reintroduction of them into the economic circuit, both those that come from the ministry's units and those that come from the units of other ministries, have constituted and constitute a major concern for us. In this regard, we have proposed two basic objectives. First, /the raising of the yields in utilizing raw materials, by reducing the technological losses to a minimum, and, second, the utilization of all reusable materials/. Thus, in the production of pulp, board based on wood and so on, 5.06 million cubic meters of recovered wood will be utilized this year. In the cement industry, over 350,000 tons of ash and 3.7 million tons of granulated slag have been used. In the field of construction materials, 57,000 tons of thermoelectric-power-station ash, over 157,000 tons of expanded and granulated slag and 70 tons of cork scraps will be drawn into the economic circuit, and in the pulp and paper industry, over 295,000 tons of reusable textile materials and wastepaper will be used.

However, we cannot but admit that the achievements obtained in this field do not satisfy us. For precisely that reason, as we reported to the leadership of the party at the last exhibition, we now have under consideration a number of new measures in this field. In the construction-material industry, through the recovery of shotcrete scraps and the use of them in the making of slabs and tiles of small dimensions, within the Central for Construction Materials alone, over 6,000 tons of cement will be saved annually, and through the utilization of thermoelectric-power-station ash in the composition of the concrete for big panels for dwellings, a savings of over 30,000 tons of cement is being achieved. Through the utilization of the combustible residue resulting from oxidation of bitumen and the heat from the rod furnace, a fuel savings of 1,720 tons per year will be achieved. In the cement-production field, the utilization of silicoaluminous refractory brick resulting from the reworking of used refractory masonry to obtain silicoaluminous refractory aggregates will be undertaken. In the pulp and paper industry, approximately 25 percent of the coniferous timber utilized for pulp comes from recoverable materials from the making of lumber, and the residual water from the making of pulp is used entirely to obtain fodder yeast, furfural and lignosulfonic products.

Synthesizing the efficieny of the actions presented, the additional reduction of the total production expenses by 1,098 million lei with respect to the plan, including

989 million lei in material expenditures, will be secured in 1983. The labor productivity will rise additionally by 2,325 lei per working person, it being 10 percent higher than the achievements in 1982.

Of course, the tasks that devolve upon us this year are very mobilizing and realistic and we are determined to do everything, to work better, more diligently, with our entire creative initiative and capacity, to fulfill the plan for 1983 in an exemplary manner, to steadily attain the splendid objectives established by the 12th congress and the national conference of the party.

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KOSOVO AGRICULTURAL POTENTIAL DISCUSSED

Belgrade BORBA in Serbo-Croatian 16 Feb 83 p 6

[Report on interview with Prof Gani Banjska of the Pristina Faculty of Agriculture; date and place not specified]

[Text] Pristina, February--There are no more dilemmas: Kosovo's fields can yield two harvests a year. Of course, not all fields, but surely those in Metohija and a part of the Kosova plain.

This claim is based upon the research of Kosova and Yugoslav agricultural experts. And, for Kosova two harvests mean practically five times more food, the possibility of not having to import wheat. It means that the province will become a solid exporter of agricultural products to the world market, that a larger number of unemployed will be employed in agriculture, that cities will be freed from the burden of the mechanical influx of village populations. It is even possible that there will be sufficient raw material for the present and food processing industry to operate a full capacity.

About half the population now in the province makes its living from agriculture and the low living standard results from low yields obtained from the fertile land than is technologically possible.

A certain significance, therefore, is given to the progress of agricultural production and the village, and, according to the province's possibilities, no means will be spared.

Irrigation of 20,000 Hectares

Agriculture, this year, will also begin to utilize the "Ibar" hydrosystem which will provide irrigation to around 20,000 hectares of land. In the four Kosovo communes (Titova Mitrovica, Vucitrn, Glogovac and Pristina), which are irrigated, ample preparations are underway for converting over to modern cultivation. On this occasion we talked with Professor Dr Gani Banjska, an agriculture expert at the Faculty of Agriculture in Pristina. Banjski is one of many Kosovo experts who go around the region of villages which will be irrigated, hold lectures, discuss with farmers the need for modern ways of cultivation, who give concrete examples, advice....

"The previous organization of village regions in the province" says Banjski, "corresponded to animal-powered cultivation. However, today, that really becomes part of the past. In Kosovo we have around 16,000 tractors and large numbers of other agricultural machinery. But, dwarf land-holdings cannot be cultivated by mechanization, nor can modern achievements in agrotechnology be implemented. Therefore, we, the experts, speak about the significance of 'Komasatsija' [combining small plots of land for greater production] the only possibility that maximum yields of various agricultural products will be obtained on fertile land with an irrigation system."

How do the farmers accept 'Komasatsija', new ways of cultivation, the abandonment of traditional ways?" we asked Professor Banjski.

"With regard to the tradition that everyone has a boundary line, a stone marker, 'Komasatsija' goes surprisingly well, really without any kind of problem. People believe that it is for their own and the general good and in the stimulation of society for greater food production they also see personal gain. And, it is known: in Kosovo until now, only certain crops were cultivated - wheat, and to some degree, corn, rye, barley, and in irrigated regions, sugar beets, alfalfa and some others, mostly truck farm crops."

Sufficient Raw Materials for Factories

"Kosovo's processing industry cannot utilize its full capacity because it does not have the raw materials. Can Kosovo's agriculture secure sufficient raw materials for these factories?"

"Surely. But under one condition: that the achievements of science are implemented," said Banjski citing an example. "We obtain from a hectare of land, on the average, 25,000 kilograms of sugar beets, and without greater difficulties we can increase this production to between 60 and 80,000 kilograms. Besides, there have been such records in Kosovo. And even 2 and a half times more sunflowers can be harvested than now - instead of 1,300, 3,500 kilograms per hectare. There is no doubt that the conditions exist for increasing the yield of both livestock and truck farm products. This is irrefutably proven by science," asserts Professor Banjska.

"You claim that there can be two harvests a year in Kosovo?"

"Not I, but science. According to the yearly figures, Kosovo, after the fall harvest, has still 90-100 nice, sunny days. That is a sufficient vegetation period for many crops, especially for the securing of forage to feed livestock, and that means ensuring the conditions for the more intensive development of livestock raising. Other favorable conditions also exist for that such as the rich mountain pastures on Sar, Prokletije and Mokra Gora."

Yields

"With the improvement of agrotechnology, with the introduction of assorted seeds, with fertilizer, with mechanized cultivation, we have succeeded in increasing the yield of agricultural products. (In relation to the pre-war period by 3 times and for some products, by 5 times.) Wheat yield before the war amounted to 500-800 kilograms per hectare, and now averages between 2,200 to 2,800 kilograms per hectare. This is, of course, not much, because the real conditions are that 1 hectare should yield at least 2 or 3 times more wheat, and corn, even 5 times more, which means that from 1 hectare 10 to 15,000 kilograms of corn kernels can be obtained," claims Banjski.

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